



2008/9

City of Cape Town Annual Report



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



Cover: The roof of Cape Town Stadium
Hospital Bend flyover

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Highlights of the 2008/9 financial year

Sixth consecutive unqualified audit from Auditor-General



The City of Cape Town rated the top South African metropolitan municipality for service delivery*

10 613 direct permanent jobs created



Hospital Bend

Integrated rapid transit system under way

2,5% reduction in city's energy consumption



99% of known households with access to basic levels of solid waste removal

96,8% of capital budget spent
96,67% of operating budget spent
95,02% revenue collected



* The independent Empowerdex survey covered 231 local municipalities, 46 district municipalities and six metropolitan municipalities, and rated service delivery in terms of housing, water, electricity, waste removal and sanitation, based on current status and progress over time.



R1,24 billion
invested in the city



16 379 temporary jobs created

100% of households
with access to
basic water and
sanitation



316 street people back with their families

**City's good credit
rating maintained**

**Highest
number of
accredited
health clinics
of all South
African
municipalities**

**Blue Drop
certification
and seven
Green Drop
certificates
awarded**

Roof of Cape Town Stadium



Cape Town Stadium 74% complete
– completion date 14 December 2009



9 576 housing opportunities provided

Message from Alderman Dan Plato

Executive Mayor



Dan Plato

As Cape Town enters the final year of the current multi-party government's term of office, I consider it a great privilege to have been given the opportunity to take the reins of what I believe to be one of the strongest and most action-oriented city councils in South Africa. The internal work done at the City of Cape Town over the past few years has certainly made my job a lot easier, and ensured that the residents of Cape Town now enjoy the service of a highly efficient, collaborative city council, with stable finances and a very clear focus in terms of its priorities, the most important of which is undoubtedly continued and sustainable economic growth and development.

Of course, this does not mean that the City of Cape Town's entire focus is simply on attracting investment to our city. It means that everything we do in serving the citizens of this city is done in a way that promotes a better economic future for its people and businesses.

This objective lies at the heart of the City's five-year Integrated Development Plan, which sets out how and where the available budget of the City of Cape Town should be spent in the years ahead. Ultimately, the economic growth of our city hinges on our ability to deliver on the various priorities we have identified in consultation with Capetonians.

Without reliable service delivery and essential infrastructure, there can be no sustainable economic growth. The same holds true for health provision, safety and security, housing and transport services. While these are all core priorities of the City of Cape Town in its efforts to ensure the economic development of our city, none of them can be addressed in isolation. That is why the City sets out these priorities in its Integrated Development Plan, and annually revisits this plan to ensure that it remains appropriate for and relevant to the future of Cape Town and its people.

As this annual report clearly demonstrates, the City's focused, team-based approach to meeting the needs of its people is clearly paying off. In the past financial year, the City of Cape Town made definite progress in achieving its stated objectives within each of its defined priority areas. Ultimately, our ability to realise these objectives means a better future, quality of life and economic prospects for each and every person that calls Cape Town home.

Yes, we still face many challenges. Every city in the world does. However, in the relatively short time that I have been privileged to head up the talented and dedicated team of public servants that is the City of Cape Town, I have seen just how committed they are to overcoming these challenges, and delivering solutions that meet and exceed Capetonians' expectations.

Over the past three years, this committed and focused approach to delivery has seen a massive R43 billion worth of investment into new infrastructure development in Cape Town. While most of this has been private sector investment on the back of public spending on fixed assets, it has also resulted in the creation of up to 11 700 jobs per year through the City's Expanded Public Works Programme.



Cape Floral Kingdom in Kirstenbosch National Botanical Gardens

In order to continue attracting and growing this type of investment – and creating the jobs that go with it – the City remains totally committed to increasing its rate of capital investment. Over the past three years, we have raised our capital investment from an average of R2 billion per year, to nearly R5 billion in the past financial year. Much of this has gone into new electricity, sewerage and water systems, all of which are essential for sustainable economic growth.

As this report demonstrates, the City has maintained its intensive focus on building a solid infrastructure and services platform, to ensure that Cape Town's roads, public transport, electricity distribution, sewerage systems and water supply not only meet the needs of its people, but are also robust enough to keep pace with our current and planned economic development.

Another major task is to continue addressing the shortage of adequate shelter in Cape Town. The provision of housing is one of the City's biggest challenges. We have made some progress by increasing the rate of delivery from a previous average of 3 000 housing opportunities per year, to over 9 000 opportunities in the past financial year, and we will continue to work with all stakeholders to deliver innovative housing solutions to meet the needs of so many of Cape Town's citizens. While housing cannot immediately be delivered to all, because of the enormous need created by urbanisation, and taking into account the budgets, land and other constraints, the City aims to create liveable environments through an incremental upgrading approach – starting with the provision of essential and social services to those in informal settlements.

Transport is another huge challenge facing the City, and we continue to work towards improving the state of our roads and our public transport network and infrastructure. Cape Town's integrated rapid transit system is well under way, and while we look forward to seeing the IRT buses providing a transport service for the 2010 FIFA World Cup™ event, the first phase of a regular IRT service will be implemented shortly after the 2010 FIFA World Cup™, I believe Capetonians will still enjoy the true value of this enhanced public transport system for years after the event.

Speaking of the 2010 FIFA World Cup™, this report reminds us that we are finally in the financial year in which this incredible event will occur – effectively showcasing our city to the entire world. I, for one, look forward to welcoming the world to our great city, secure in the knowledge that all the hard work and investment will have resulted in Cape Town being a host city that can stand up to the closest international scrutiny, and deliver an unforgettablely positive experience for every person who visits us in the course of the event.

Ours is a truly world-class city. The City of Cape Town is committed to continuing the work it is doing to ensure that all citizens benefit, and enjoy the services and opportunities they deserve.

Alderman Dan Plato

Executive Mayor

Introduction by Achmat Ebrahim

City Manager



Achmat Ebrahim

Whilst it would be easy for me to introduce this annual report by highlighting the many achievements of the City of Cape Town during the 2008/9 financial year, the true proof of the steady progress being made with meeting the objectives of our five-year Integrated Development Plan is in the overwhelmingly positive feedback received from the citizens of Cape Town.

The results of the annual Community Satisfaction Survey conducted in the period under review clearly showed that Cape Town's residents are enjoying steady improvements in service delivery year on year. The survey, commissioned by the Strategy and Planning Directorate, and managed by TNS Research Surveys, involved 3 000 residents and 500 businesses across the city's demographic structure.

The most important outcome of the entire exercise is that, overall, perceptions of the City's performance in terms of service delivery have improved significantly in the past year across all service delivery areas, with 54% of residents and 77% of businesses polled indicating that they are happy with the levels of service they receive.

In addition, 61% of residents and 78% of businesses surveyed indicated that they have fairly strong, very strong or extremely strong levels of trust in the City, while 75% of businesses rate the City's performance in fulfilling its role as a municipal service provider as good, very good or excellent.

Overall, the City is seen to excel in the provision of essential services – in particular, refuse removal, water and sanitation services. Community facilities, such as libraries, community centres and civic halls, are also relatively highly rated, but parks have been identified as an area for improvement. The survey responses also show that the City's Fire and Emergency Services and their quality of service are very highly regarded.

Of course, while these very positive survey responses demonstrate that the City is undoubtedly delivering on the objectives set out in its IDP, the City of Cape Town is under no illusion that all the work has now been done. However, as the information and figures in this Annual Report amply demonstrate, the City is not averse to rolling up its sleeves and getting its hands dirty in order to deliver on the needs and expectations of all the citizens of Cape Town.



The Berg River Dam

To this end, thorough investigation into the primary challenges facing our city, and the main priorities of its people, has led the City of Cape Town to adopt as its main focus area for the years ahead, the development and promotion of infrastructure-led economic growth. Only by successfully creating a solid platform of urban infrastructure and supporting services, will the City become more productive, attract new investors and skilled workers, grow its economy to generate additional finance, and, ultimately, create the much-needed jobs that will result in this cycle being able to constantly repeat itself – for the benefit of all Capetonians.

As this report shows, the City of Cape Town is moving ever closer to achieving this objective, first and foremost by getting the basics like service delivery, infrastructure development, housing, health, environmental preservation and governance right. So, while much work has gone into making Cape Town's local government a more efficient and effective organisation internally, with well-managed human resources and adequate staff to deliver more and better services than ever before, the past year has seen the benefits of this process being realised externally as well. As the feedback from many residents reveals, the people of Cape Town are starting to experience first-hand that this City really does work for them.

Achmat Ebrahim
Cape Town City Manager



Cape Town – cradled by majestic mountains and fringed by oceans (2008)



Overview of the City of Cape Town

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INTRODUCTION

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Overview of the City of Cape Town



A CITY WITH VISION

The vision of the City of Cape Town (hereinafter also called 'the City') is as follows:

- To be a prosperous city in which City government creates an enabling environment for shared growth and economic development
- To achieve effective, efficient and equitable service delivery
- To serve the citizens of Cape Town as a well-governed and efficiently run administration

To achieve this, the City focuses its efforts on a number of key priorities. This 2008/9 annual report gives an overview of the work that the City of Cape Town has done to ensure that Capetonians enjoy the best possible services, facilities and opportunities, delivered in a way that improves their quality of life.

ABOUT CAPE TOWN

Cape Town is a cosmopolitan city, bringing together people and cultures from all over the world. Our cultural diversity, scenic beauty, unique natural environment and impressive business infrastructure make us one of the most attractive cities in the world – for tourists, job seekers, business people and investors alike. For the period under review, the demographics of Cape Town were as follows:

Total area (km ²)	2 461
Population	3 497 097
Number of households	902 278
Total length of coastline (km)	294

Source: Strategic Development Information & GIS using STATSSA 2007 Community Survey data as at March 2007.



The interior of Cape Town Stadium

WORKING TOGETHER FOR THE BENEFIT OF ALL

The City of Cape Town is committed to ensuring a better quality of life for all Capetonians. However, the City also faces a number of challenges relating to issues like the environment, economy, housing and infrastructure backlogs, and crime. While these challenges are the same for any large city, the City of Cape Town has a well-considered strategy to address them, while still focusing on delivering the service the citizens of Cape Town deserve. This strategy is called the five-year Integrated Development Plan, and has been designed to address Cape Town's challenges, while making sure that it continues to grow and develop for the benefit of every Capetonian.

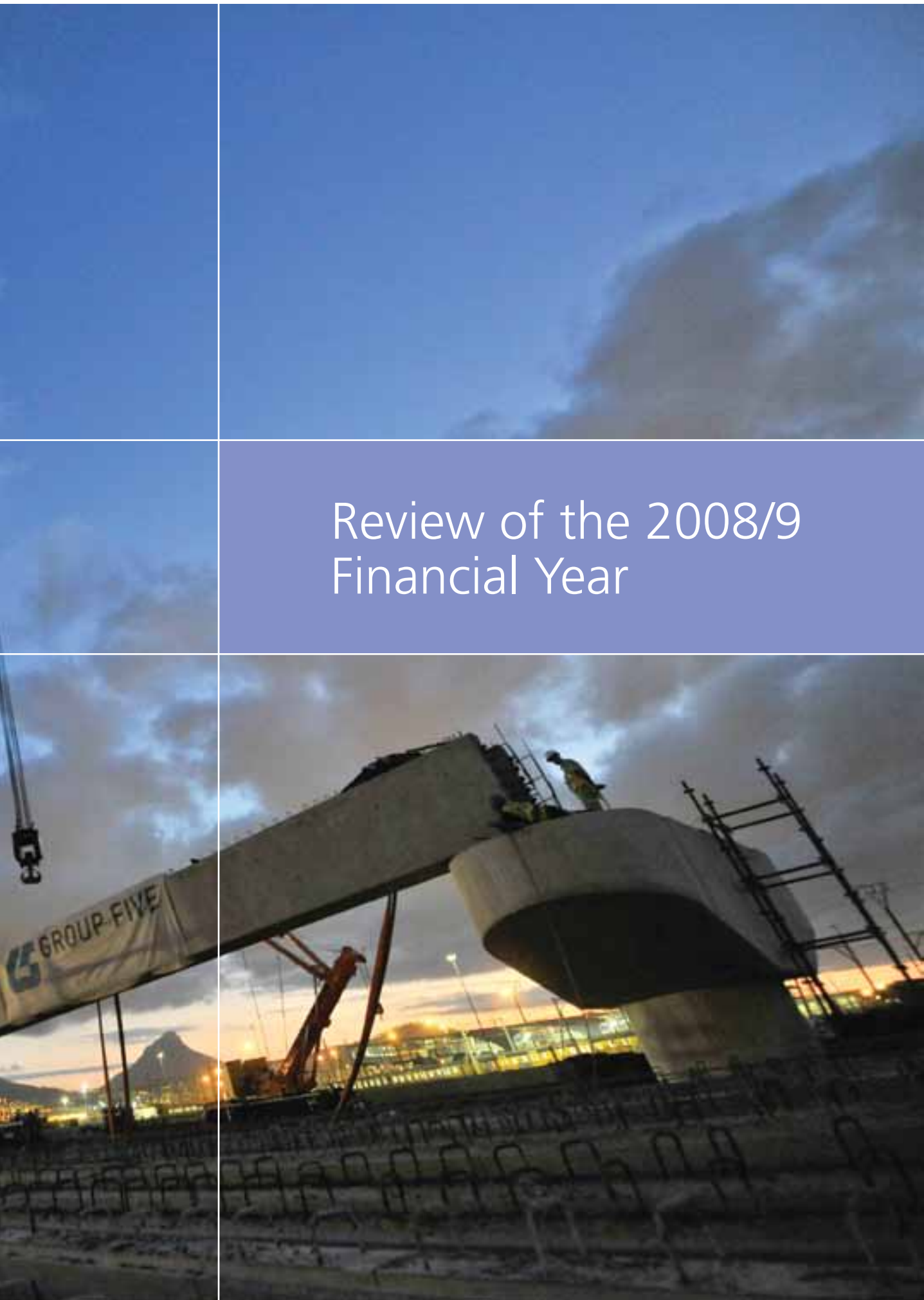
The Integrated Development Plan can be seen as the City's development blueprint. It outlines how money will be raised and spent to achieve the City's long-term vision.

The many surveys and studies that the City undertook in developing its Integrated Development Plan showed that the most important focus area for the City is to ensure solid, infrastructure-led economic growth in the years ahead. By building a strong economic and infrastructure platform, Cape Town will retain its current investors, attract new ones, appeal to more skilled workers and, most importantly, be an environment where lots of businesses mean lots of jobs.

By getting the basics, like housing, finance, economic development and services right, the City of Cape Town will drive Cape Town's sustainable development, so that all its people reap the benefits. This annual report gives you an overview of how the City of Cape Town has been working to do just that over the past financial year.



Construction work at Koeberg interchange



Review of the 2008/9 Financial Year

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Review of the 2008/9 Financial Year



GROWING OUR ECONOMY FOR THE BENEFIT OF ALL

Strategic Priority: Shared Economic Growth and Development

Our focus:

- Enabling the city's economy to grow
- Preparing for the 2010 FIFA World Cup™ and beyond

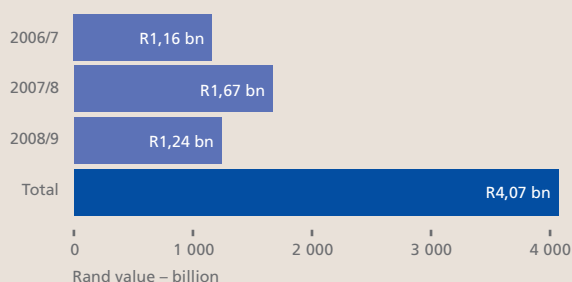
Highlights for 2008/9:

- 10 613 direct permanent jobs created
- 16 379 temporary jobs created
- R1,24 billion in direct new investment secured
- On track to be a great host city
 - Cape Town Stadium 74% complete in terms of actual construction
 - Preparation and implementation of detailed stadium operating plans 75% complete
 - Detailed transport operating plan 75% complete
 - Host City Cape Town Green Goal 2010 programme being implemented

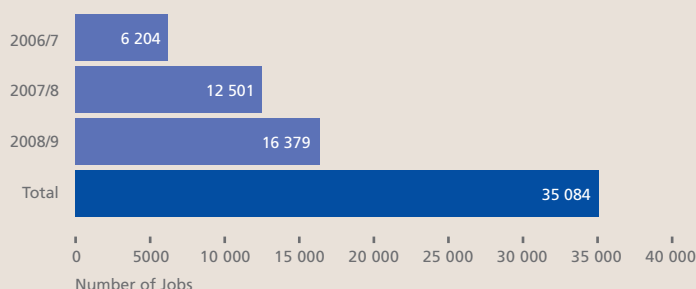
Attracting investors and creating jobs

Despite the global economic crisis, the City of Cape Town still managed to deliver 10 613 jobs in 2008/9, and attracted investment of R1,24 billion to the city, albeit less than its target of R1,5 billion. A further 16 379 temporary jobs were created through the City's Expanded Public Works Programme.

Rand value of direct investment



Number of job opportunities created through the Expanded Public Works Programme



* Source: City of Cape Town Corporate Performance Scorecard. Stated rand values may have been rounded off for graphing purposes.



Construction work at Hospital Bend

Ready for the world in 2010

As Cape Town is one of the host cities for the 2010 FIFA World Cup™, the City is determined to make this international event a huge success and to ensure that the investments we make now to get our city ready, will still benefit Capetonians for decades to come.

Cape Town Stadium

Thanks to the coming 2010 FIFA World Cup™, Cape Town has a new landmark in the form of **Cape Town Stadium**. Even though it is not yet complete, this exceptional building is already internationally recognised for its iconic and well-planned design. As at 30 June 2009, the stadium was **74% complete** and on target for handover to its new operators in December 2009.

The City has also made good progress in finalising all its plans to ensure its successful hosting of the 2010 event. Highlights include the following:

Grand Parade Fan Fest

Cape Town's Grand Parade has now been upgraded and will be the **official FIFA Fan Fest area** for the duration of the event. All the games will be televised on a big screen, and spectators will enjoy live music and performances by local, national and emerging artists.

Training venues

The two official training venues for the event are the **Athlone and Philippi Stadiums**. Construction of these is progressing well and they are on track to meet all FIFA standards.

Power to the people

Since the last thing Cape Town needs is a power failure during an international soccer match, the **electricity supply** infrastructure in the central business district (CBD) and around Green Point has been reinforced with the construction of the new Foreshore switching station and the Mouille Point main substation, upgrading the existing Roggebaai main substation, and the establishment of an additional bulk intake point from Eskom.

In addition to ensuring that fans and players are not left in the dark, this will benefit Capetonians in and around the city centre for many years to come and will ensure that the City meets any future growth in electricity demand.

On the road to improvement

Construction of **roads and pedestrian routes** around the stadium is progressing very well. This includes a new underpass circle at Green Point, and access roads to the CBD and V&A Waterfront. A number of road improvements around the city will help to reduce congestion – not just for the event, but for all road users in the years to come. These improvements include extra lanes on the N2 and Table Bay Boulevard, as well as the upgrade to the Koeberg Road interchange.



Aerial view of Koeberg interchange under construction

Driven to make our transport system great

In addition to the road improvements, work on Cape Town's **integrated rapid transit (IRT) system** is under way, and despite some initial teething and funding problems, the first phase is scheduled for completion shortly after the 2010 FIFA World Cup™ event itself the event transport services will be augmented by the IRT buses. The main IRT station will be located at Hertzog Boulevard, from where high-capacity buses will transport passengers to the stadium and the airport.

The upgrade of **Cape Town International Airport** is also progressing well, and will form part of the IRT system. A number of **train stations** and routes have also started receiving face lifts in the past year, and these will continue to be upgraded in preparation for the 2010 FIFA World Cup™.

The real goal is green

The City's **Green Goal 2010 programme** has been established to ensure that hosting the 2010 FIFA World Cup™ does not harm the environment, but in fact helps make Cape Town an even more environmentally friendly city. The Green Goal 2010 Action Plan involves no less than 41 greening projects with the following overarching aims:

- To minimise our carbon footprint
- To use water wisely
- To reduce waste by reducing, reusing and recycling
- To establish energy-efficient transport
- To enhance our city's natural beauty and biodiversity
- To educate and raise awareness about the environment and sustainable lifestyles
- To communicate the Green Goal message
- To monitor, measure and report progress

More information on the key Green Goal projects is available in the Host City Cape Town Green Goal Action Plan, which can be found on www.capetown.gov.za/en/greengoal.



Enhancing Cape Town's biodiversity



The Green Goal 2010 Action Plan

Review of the 2008/9 Financial Year

COMMITTED TO SERVICE DELIVERY

Strategic Priority: Sustainable Urban Infrastructure and Services

Our focus:

- Making sure all Capetonians have access to basic services
- Conserving our city's natural resources
- Managing our city's infrastructure and resources well

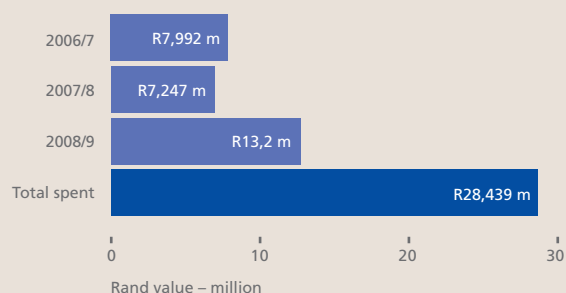
Highlights for 2008/9:

- The following accolades were received:
 - The Western Cape Regional and the South African National Productivity Public Sector Awards for 2009 (Electricity Technical Support Services)
 - National Gold Award – Asset Care Centre of the Year
 - South African Bureau of Standards Presidents Award – Public Sector
 - National Green Supply Chain Award (Fleet Management and Maintenance)
 - National Water Sector Award
 - Blue Drop Status certification and seven Green Drop certificates
- ISO 9001 and 14001 certification, as well as OHSAS 18001 for Electrical Support Services
- Mitchells Plain pressure management installation, the third largest in the world, operational
- Number of households with access to basic levels of sanitation exceeds national requirement
- Number of households with access to basic levels of water exceeds national requirement
- 99% of known households have access to basic levels of solid waste removal
- 26,6% reduction in water demand
- 15,94% airspace saved at landfill sites in relation to the volume of waste generated
- 83,5% compliance with four critical DWEA treated effluent standards
- Integrated Waste Management Bylaw approved in March 2009
- Development of a plan to preserve our biodiversity
- Adoption of the City Environmental Agenda for improved environmental management.

Addressing backlogs in a growing city

The City is steadily working to improve sanitation services in informal settlements to a desired level. During the year under review, the City of Cape Town **increased the number of toilets** in informal settlements to **24 954**, equating to **one toilet for every 4,7 informal households**.

Investment to eliminate sanitation backlogs



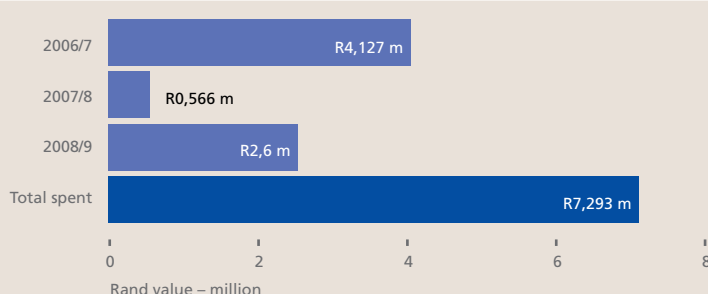
* Source: City of Cape Town Backlog Data. Stated rand values may have been rounded off for graphing purposes.

Tackling our water challenges drop by drop



A big challenge for the City of Cape Town is making sure that the growing numbers of citizens in informal settlements have access to potable water. The City is committed to achieving this, and steadily improving access to water for all – with a set minimum performance requirement of one tap for every 25 Cape Town households. In the past financial year, the City managed to exceed this target: There is now **one tap for every 10,8 informal households** (excluding backyard dwellers, who typically share a water connection with the owner or tenant of the primary dwelling).

Investment to eliminate water backlogs



* Source: City of Cape Town Backlog Data. Stated rand values may have been rounded off for graphing purposes.

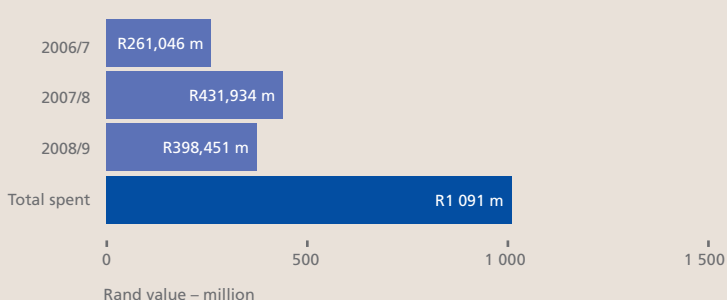
More power to the people

A total number of **5 199 subsidised electricity connections** were installed in informal settlements in 2008/9 – 1 697 connections more than the City's target for the period.

The City's electricity reinforcement project is also on track to make sure that the **electricity supply requirements for the 2010 FIFA World Cup™** are met.

The City of Cape Town's Electrical Technical Support Services (ETSS) Division received the **Western Cape Regional and South African National Productivity Public Sector Award for 2009**. However, possibly more importantly, the Electricity Department's Technical Support Services Branch **achieved ISO** (International Organisation for Standardisation) **9001 and 14001, as well as OHSAS** (Occupational Health and Safety Administration Standard) **18001 certification** – the only municipality in South Africa to have done so. The Fleet Management and Maintenance Division of the Electricity Department also scooped the **National Gold Award – Asset Care Centre**, and the **National Top Award – Green Fleet for 2009**.

Investment to eliminate electricity backlogs



* Source: City of Cape Town Backlog Data. Stated rand values may have been rounded off for graphing purposes.

Review of the 2008/9 Financial Year

Waste not, want not

Thanks to the City's concerted efforts over the past financial year, **99% of known households across the city now receive a solid waste removal service**, which includes weekly door-to-door collections in formal areas, and integrated cleaning and weekly door-to-door bagged refuse collection in informal areas. Every informal settlement in the city now receives an equitable refuse collection and cleaning service.



The City's integrated solid waste service

Being water-wise

The City managed to **reduce overall water demand by 26,6%** in 2008/9. This is well ahead of the 20% target set by the Department of Water and Environmental Affairs (DWEA). The City of Cape Town's water demand reduction efforts have been garnering several awards – most notably the National Water Sector Award, which recognises the successful implementation of water conservation projects and the achievement of water savings.

In the period under review, the City's Mitchells Plain pressure management installation became operational. This is the **third largest pressure management installation in the world** and follows on the success achieved by similar installations in saving water through reducing pressure during off-peak periods. The Mitchells Plain installation cost R6 million, but it is envisaged that the system will pay for itself within a year through the water savings it will generate – while also prolonging the life of the water system in the area and creating a more reliable water supply for residents.

Two major treated effluent projects were also commissioned at the end of June 2009, and the impact of these projects will be seen in the coming year.

Quality water

The City of Cape Town was awarded **Blue Drop Status** (for drinking water) and received **seven Green Drop Status Certificates** (for wastewater) in 2008/9. The City was **one of three local authorities** in South Africa to **achieve a 100% score** for the Blue Drop assessments. The Blue Drop Status Certificate was issued for the entire Cape Peninsula.

The Department of Water and Environmental Affairs launched their Blue Drop Status programme in September 2008 to measure the drinking water quality in municipalities across the country. Information is sourced from water samples taken over three months and municipalities with the required percentage microbiological compliance are issued Blue Drop Status.

The percentage of treated effluent complying with the four critical DWEA effluent standards, namely *E.coli* count, ammonia content, chemical oxygen demand and total suspended solids, was **83,5% in the year under review, exceeding yet another City target for the year.**

Successfully saving space

Despite facing a number of challenges over the past financial year, the City of Cape Town made good progress in managing the city's waste, and successfully **saved over 15,94% of airspace at the city's various landfill sites** by redirecting recyclable and reusable waste away from landfills. The Integrated Waste Management Bylaw was also approved in March 2009, and will make sure that all citizens help to minimise the amount of waste being sent to landfills.

Looking after Cape Town's infrastructure

The City's Integrated Infrastructure Asset Management Programme, which is designed to support service delivery, got under way in the 2008/9 period. The objective of the programme is to improve decision-making regarding municipal service infrastructure, and to ensure that resources and funding are put to the best possible use to extend the lifespan of key City infrastructure assets.

Preserving our natural environment

In 2008, the City of Cape Town adopted the Integrated Metropolitan Environmental Policy (IMEP) Environmental Agenda 2009 - 2014 which sets 17 defined goals, responsibilities and performance targets in order to ensure increased environmental performance by making environmental management an integral part of all the City's operational functions.

The City continues to strive for excellence in the management of its exceptional biodiversity. During the period under review, the City of Cape Town participated – as one of 21 pioneer cities – in the first phase of the Local Action for Biodiversity programme. A report describing the state of the city's unique and rare biodiversity was produced and the City leaders committed to preserving biodiversity.

A long-term **Local Biodiversity Strategy and Action Plan (LBSAP)** was also approved by the City of Cape Town. This includes a commitment to implement the Biodiversity Network Conservation Plan and effectively manage the city's nature reserves. The LBSAP will help to ensure that biodiversity in the city is formally protected under the new Protected Areas Act. An introductory guide to managing invasive alien species in the city, as well as an action plan for the management of invasive alien species, was adopted by Council in 2009.

The year-long Youth Environmental School (YES) programme's weeks and projects made a positive impact on the knowledge and awareness of young learners across the city, with over **65 000 learners participating in programmes that reached over 55% of schools in Cape Town.** More than 100 organisations were involved as partners and presented interactive, curriculum-based lessons and activities to learners. A further 33 000 learners and over 5 000 adults attended **formal Environmental Education activities** on the nature reserves, while over 170 000 visitors were recorded from the manned access points on the city's nature reserves in 2008/9.

Review of the 2008/9 Financial Year

CREATING A SUSTAINABLE FUTURE FOR ALL CAPETONIANS

Strategic Priority: Energy Efficiency for a Sustainable Future

Our focus:

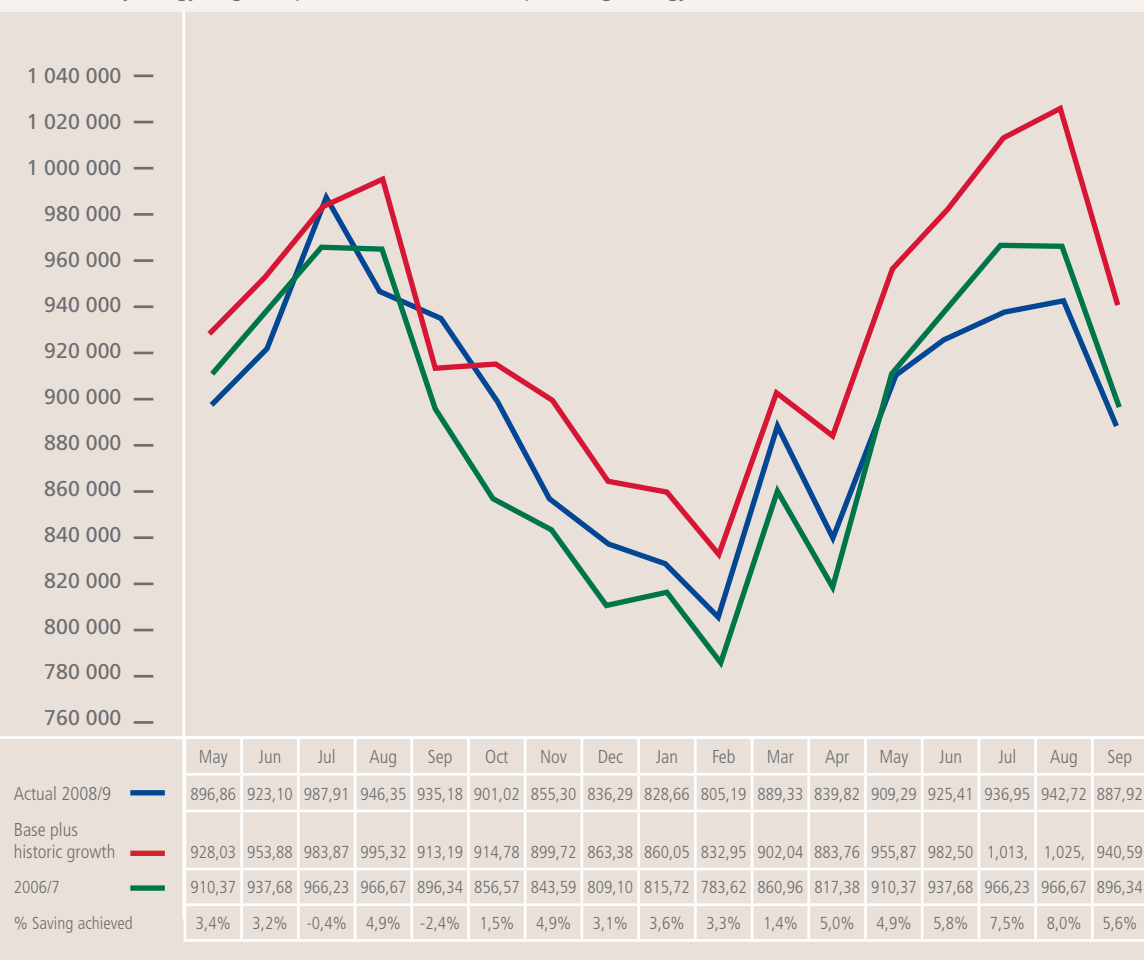
- Reducing energy consumption and limiting our city's impact on the environment
- Reducing our carbon footprint and building a low-carbon economy in the city

Highlights for 2008/9:

- Energy Plan targets identified and project undertaken
- Climate change plan completed
- Energy consumption reduced by 2,5%

The City of Cape Town's Energy and Climate Change Committee, which consists of 11 councillors, continued to meet every two months in the period under review, as part of the City's ongoing efforts to make sure that Cape Town effectively **reduces its carbon footprint** and takes the necessary steps to **conserve energy** and adapt to environmental changes. In 2009, the City launched a detailed Energy Action Plan aimed at ensuring that the City meets its energy and climate change goals for the benefit of all its people.

CoCT monthly energy usage compared to the baseline and percentage energy conservation achievement



Note that a negative saving means growth is greater than the baseline plus historic growth. The aim is to achieve a target energy conservation (reduction) of 10% from the baseline. The baseline is determined from historic energy.



The City's solar heating initiative in Khuyasa

Helping to stop the rising temperature

The City of Cape Town is committed to doing its part to limit the predicted change in climate by **taking steps to mitigate climate change**. The City **drafted a climate change plan of action** that is aimed at promoting more sustainable use of energy, reducing energy use, and helping to limit climate change. As part of this plan, the City will be sending out regular communications to all its citizens and businesses to equip them with the information they need, and advise them on how to reduce their carbon footprint.

The City itself is also doing its part. Draft green building guidelines for the City were launched in October 2008, and the City provided strategic input into various key local and national climate change strategies and policies.

Taking action to use less energy

As part of the City's Urban Environmental Management Programme, the Danish International Development Agency (Danida) funded the City to undertake energy and climate change actions between 2008 and 2011. One of these programmes is the City's ongoing commitment to include energy efficiency and greening in its housing plans.

Africa's first CDM (Clean Development Mechanism) Project – the energy efficient and solar water heater retrofit of low-cost housing at Kuyasa – continued to be implemented in 2008/9, with over one third of units being completed by May 2009 and with the goal of completing the project by December 2009.

Closer to home, the City of Cape Town is also **working hard to reduce its own resource use**. An energy audit of City office buildings took place in 2008/9, and four of these buildings were selected to be retrofitted with energy-efficient electricity installations. Danida has also provided funding to help **address the carbon footprint of the city during the 2010 FIFA World Cup™** by means of carbon offset projects.

Adapting well to climate change

During 2008/9 a sea level rise risk assessment was completed, and now offers a scientific basis for some of the City's future decisions around climate change issues. Arising from this assessment, a draft climate change plan of action was produced, and is currently under review. This action plan focuses on addressing the risk to the City's infrastructure, facilities, and amenities and the potential impact on the economy.

Promoting Smart Living

The Smart Living Campaign continued to be rolled-out in 2008/9. This programme aims to promote environmentally sustainable lifestyles, behaviour and greening and thereby improve quality of life and the state of the environment in the City. The Smart Living Handbook (produced this year in English, Afrikaans and Xhosa), provides practical advice and interventions for living smarter and more sustainably. The handbook was also used as the basis for the YES Environmental Drama Festival and Youth Conference on Sustainable Development. High schools used the Smart Living Handbook themes of water, energy, waste and biodiversity to tackle and showcase environmental issues in their communities. The handbook and the themes were also used to train 75 primary school educators on how to incorporate environmental education into the curriculum and design lesson plans, as part of the Western Cape Education Department, Cape Teaching and Leadership Institute's Environmental Education Course for Educators.

Review of the 2008/9 Financial Year

DRIVEN TO PROVIDE AN EFFECTIVE TRANSPORT SYSTEM

Strategic Priority: Public Transport Systems

Our focus:

- Improving the public transport system and services for the benefit of all citizens, both now and in the future

Highlights for 2008/9:

- 15 km of critical routes with dedicated public transport lanes under construction
- Work on integrated rapid transit system began
- Draft business plan completed for a municipal entity to provide public transport services
- Transport system for 2010 FIFA World Cup™
- Transport Management Centre for transport information and incident management

The increasing congestion on Cape Town's roads, interchanges, airports, trains, buses and taxis is affecting citizens' quality of life, and is compounding air pollution in the city. Public transport, freight and business vehicles are competing for space with private cars, and our city's buses and trains on critical corridors are overcrowded in peak periods.

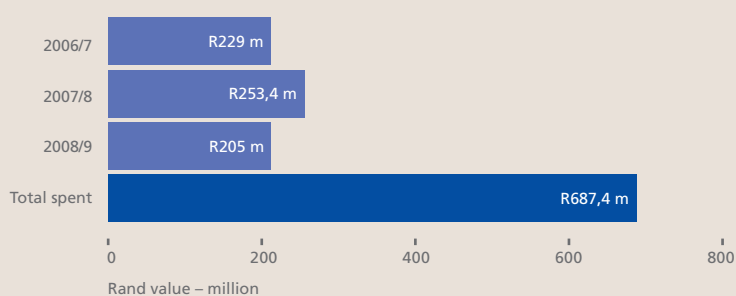
An integrated look at transport

To address this, the City of Cape Town has prepared its Integrated Transport Plan, which is aimed at vastly improving our current public transport system and services, while meeting the following three key objectives:

- Supporting economic growth and development
- Making transport more accessible, affordable and secure
- Making sure that transport has a minimal impact on the environment

As part of this Integrated Transport Plan, in the 2008/9 financial year, an **additional 15 km of critical routes with dedicated public transport lanes was under construction.**

Investment in roads to eliminate backlogs



* Source: City of Cape Town Backlog Data. Stated rand values may have been rounded off for graphing purposes.

Driving the development of integrated rapid transport

Work on the first phase of Cape Town's **integrated rapid transit (IRT) system commenced** in the year under review. The plan sees one route connecting the airport to the city centre and the stadium, while the other will go up the West Coast to Table View and Atlantis.

The IRT system is a bus-based public transport system, which will offer **safe, reliable, fast and scheduled transport** services around the city. The IRT will be implemented in phases, depending on financial approval. The aim over the next ten to 15 years is that 75% of Capetonians will be living within 500 m of good quality public transport.



Hospital Bend



Koeberg interchange



The bus-based integrated rapid transit system under construction

The IRT system will consist of trunk and feeder routes. The trunk, or main, services will make use of large, articulated vehicles that can carry up to 120 people, operating mostly in their own dedicated, red pigmented lanes. The feeder, or secondary, services will operate with smaller vehicles that carry up to 50 people, in the same lanes as regular traffic. An inner-city service is also planned, which will serve the central business district (CBD), city bowl, Green Point and Sea Point, with links to Camps Bay and Hout Bay.

By May 2010, in time for the **2010 FIFA World Cup™**, trunk services for the event itself will be in place between the airport, the CBD and Cape Town Stadium. The inner-city feeder service will also be operational for the event. A match day shuttle service between the CBD and the stadium station will transport spectators to and from matches, and there will be depot facilities for the IRT vehicles in the inner city.

Depending on funding, after the 2010 FIFA World Cup™, the IRT trunk service between the airport and the CBD, as well as the inner-city feeder service will be implemented permanently. A trunk route between Atlantis, the CBD and Granger Bay will also be established, as well as a trunk service between the CBD and Table View, as far as Bayside Centre.

The success of the project depends on its delivery of priority infrastructure in the form of dedicated lanes, and relies on a business structure that can transform the existing bus and minibus industry to the satisfaction of all transport stakeholders.

Review of the 2008/9 Financial Year

INCREASING SUBSIDISED HOUSING PROVISION

Strategic Priority: Integrated Human Settlements

Our focus:

- Providing integrated housing and settlement solutions
- Delivering housing opportunities for qualifying beneficiaries
- Providing good community facilities and services across the city

Highlights in 2008/9:

- 9 576 housing opportunities delivered
- Anti-land Invasion Unit established
- Phase 1 of the Community Residential Unit (CRU) Upgrade Programme advancing
- Five-year Housing Plan revised and rewritten
- Upgrade of Informal Settlements Programme (UISP) 100% implemented
- 93% of community facilities standard compliant
- 210 ha of land acquired for the medium-term to long-term housing programme
- The City's gap housing programme is delivering on projects
- Cape Town's first social housing project under way in Steenberg

A plan for the city's growth

The draft Cape Town Spatial Development Framework (SDF) was finalised in the year under review, and the public have been asked for their comments. The SDF will replace the outdated spatial plans and policies that have been used to inform land use decisions. The **SDF guides the way that Cape Town should grow** in the future and contains the following core ideas:

- Cape Town's prosperity depends on how well it responds to challenges like urbanisation, poverty, infrastructure and service backlogs, energy and water supply, and climate change.
- Cape Town cannot simply grow uncontrollably. It needs a coordinated plan.
- The city's scenic beauty must be preserved as Cape Town grows.
- All future growth should occur around organised 'corridors', which are well served by public transport, cycle and pedestrian routes.

Building homes, building futures

Despite a number of challenges in 2008/9, the **City of Cape Town delivered 9 576 housing opportunities**. This is a good increase from the 2007/8 period, and brings the total number of new housing opportunities provided in the past three years to 23 534.

During the year under review, the City's gap housing programme delivered on its objectives in a number of projects, including Scottsdene and Elsies River, which made houses accessible to those members of the population who fall just outside of the housing subsidy band, but who previously could not afford to buy their own properties.

The year under review also saw the start of the City's first social housing project with the signing of a Land Availability Agreement for the development of City-operated social housing in Steenberg.

Protecting land for the people

The City's Anti-land Invasion Unit came into operation in April 2009. The unit provides a round-the-clock monitoring service to ensure that City-owned land that has been set aside for housing development is not invaded or occupied illegally.

Improving living standards



Delivering electricity services and housing opportunities

The City manages 43 500 rental units and more than 11 000 hostel bed units – most of which are multi-storey blocks of flats that were built more than forty years ago. Many of these units are now in desperate need of repair, and, therefore, the City's Community Residential Unit (CRU) Upgrade Programme was implemented to see to it that the people who rent housing from the City enjoy the **quality accommodation** they deserve. Phase 1 of the programme is under way, and will see the refurbishment of units and the upgrade of the immediate surrounding areas for 7 665 families.

A plan for better housing delivery

It is estimated that around 400 000 families across Cape Town are in need of housing. This situation is made worse by the fact that the city's population is growing at around 16 000 to 18 000 families per year. The City's **five-year Integrated Housing Plan** aims to meet the housing needs of Cape Town's citizens by, amongst other things, **upgrading informal settlements**, offering **more rental accommodation**, **redeveloping hostels**, and building more **formal housing**.

Leading the way in finding housing solutions

In the period under review, the National Department of Housing conducted research into the performance of its Upgrade of Informal Settlements Programme (UISP) amongst the various municipalities. The research showed that the Western Cape is the **only province that is applying the UISP as intended**, and the **City of Cape Town is actually leading the rest of the country** in terms of servicing informal settlements.

Improving community facilities to international standards

The City is committed to **delivering facilities that are of a high standard** for the enjoyment of the citizens and communities of Cape Town. On average during the 2008/9 financial year, **93% of the City's facilities have been maintained according to agreed minimum Service Delivery Standards**. The City achieved Blue Flag Status for six of its beaches and has elevated 10 of its community facilities to flag ship status, while another 14 underwent major upgrading. These included Athlone Stadium, Company's Garden, Westridge Park and Athlone Nantes Park. Work was completed according to plan on the development of six new major facilities, of which the Parkwood Sports Complex, Blue Downs Indoor Pool, and the Fisantekraal Community Centre were completed within this financial year.

Adding value to communities

During the 2008/9 year, work on a long-term Facilities Master Plan progressed well. The aim of the plan is to ultimately have a city that offers all its citizens access to attractive, conveniently located facilities that build our sense of community. By June 2009, **five Quality Public Spaces had been completed** in Nyanga, Elsies River, Philippi, Gugulethu, and Harare in Khayelitsha. Eight similar projects had also reached the stage where work had commenced on developing these quality community spaces. These projects are located in Atlantis, Kasselsvlei Road Bellville, Khayelitsha Stadium, Lentegour Civic, Ocean View, and the Village Green in Observatory.

Review of the 2008/9 Financial Year

KEEPING OUR CITY SAFE AND SECURE

Strategic Priority: Safety and Security

Our focus:

- Keeping our city and its citizens safe and secure

Highlights for 2008/9:

- 76% compliance with the City's Law Enforcement Plan
- 100% compliance with the City's Disaster Management Plan

Working together for safety and security

The City's Law Enforcement Plan is a combined effort by various law enforcement and specialist services agencies to keep the people of Cape Town safe and secure. It focuses on the following:



The Metro Police Ghost Squad

Combating anti-social behaviour and crime in Cape Town

This part of the plan focuses on **monitoring minor crimes and offences** arising from drunkenness, noise, riotous and threatening behaviour, etc. The **Rent-a-Cop scheme**, which sees the private sector employing the dedicated services of members of the City's law enforcement departments, was launched in December 2008, and has already proven very successful. By June 2009, agreements were entered into with four sponsors, employing an additional 18 law enforcement officers.

The City initiated two Community-based Crime Prevention programmes aimed at empowering communities to protect themselves against crime and disorder. Patrol equipment and advanced training were provided to eight neighbourhood watches and three neighbourhood safety coordinators were appointed in three different areas as part of a problem-orientated policing test project. These initiatives will be expanded in the coming financial year.

Reducing the dispersal and use of illicit drugs and alcohol

A specialised **Substance Abuse Enforcement Unit** was established in July 2008. Working closely with the South African Police Service, the unit is clamping down on suspected drug dealers. In the year under review, the Metro Police's Tactical Response Unit also continued **targeting gangsterism and drug dealing** in the city, and contributed to a total of 689 drug-related arrests. The Specialised Services and Metro Police Departments have also focused on reviewing liquor licences, and acting on instances of illegal trading hours, underage liquor sales and drinking in public.

Building a culture of compliance amongst City road users

The Traffic and Metro Police Departments continued to make a valuable contribution to the **safety of all road users**. The 2008 festive season (November 2008 to January 2009) saw a significant decrease in the road accident rate, while the Traffic Department also took a large number of unroadworthy public transport vehicles off the road.



City of Cape Town firefighters and traffic officers in action

Fire and Rescue

Cape Town has 29 fire stations, which together cover an area of 2 461 km². In the six months from October 2008 to March 2009, the **City's Fire and Rescue Services attended to more than 22 500 incidents**, of which more than 7 500 were fires. Particularly February and March 2009 saw massive wildfires in the Helderberg basin and the Devil's Peak area. There was also a significant increase in the number of trauma and medical incidents.

In 2008/9, the City of Cape Town acquired a **mobile command centre**, which will go a long way to improve Fire and Rescue's service delivery even further. The vehicle is used to coordinate communications between emergency and Disaster Risk Management services and control centres around Cape Town.

Review of the 2008/9 Financial Year

HEALTHY AND HAPPY PEOPLE AND COMMUNITIES

Strategic Priority: Health, Social and Community Development

Our focus:

- Making sure Cape Town has a healthy and socially inclusive society

Highlights for 2008/9:

- New child care facilities opened
- Youth development, life skills and gender awareness programmes offered
- 316 street people taken off Cape Town's streets
- Air Quality Management Plan ready to address pollution
- Infant mortality rate reduced
- TB rate of increase slowed
- Antenatal HIV prevalence reduced
- Most accredited health clinics of all South African municipalities

The City of Cape Town invests heavily in health, social and community development, because it sees these as the cornerstones of a happy and healthy society.

Looking after our smallest citizens

In the year under review, **two new child care facilities** were provided in partnership with Government and non-governmental organisations. These facilities offer Cape Town's children their rightful opportunity for effective and holistic development. **Three early childhood development centres** were also constructed in Bellville, Kraaifontein and Atlantis respectively.

For the sixth consecutive year, the City has seen **a drop in its infant mortality rate**, which now stands at 19,78%. The infant mortality rate is measured in terms of the number of infant deaths per 1 000 live births, and is a good measure of the overall state of health in the city. Cape Town's rate compares very favourably with the national rate of more than 50.



Developing our youth

For the past three years, the City of Cape Town has partnered with the Raymond Ackerman Academy of Entrepreneurial Development and the University of Cape Town (UCT) Graduate School of Business to offer Entrepreneurial Development programmes for unemployed youth. The programme was once again very successful in 2008/9, with a total of **62 students completing the course**. In addition to the Raymond Ackerman Academy programme, the City implemented seven district-based entrepreneurial programmes.

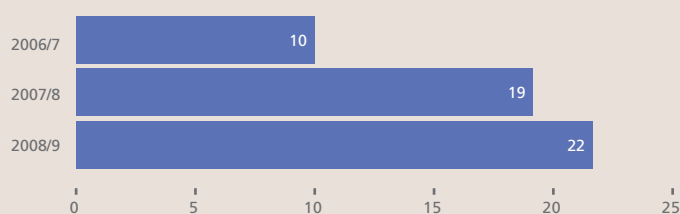


The Central Library in the Old Drill Hall

Giving everyone a sporting chance

The City of Cape Town is involved in a number of partnerships and events that are aimed at **raising the profile of the city**. The aim is to grow certain existing sporting events into regular, major events. **22 strategic sporting partnerships and events were held** during the year under review, including the Pick n Pay/Argus Cycle Tour, the Volvo Ocean Yacht Race and the Jive Big Walk, as well as a number of local events.

Number of strategic sporting partnerships and events created, maintained and expanded on



* Source: City of Cape Town Corporate Performance Scorecard.

Review of the 2008/9 Financial Year

Improving life skills to improve life

The City's life skills development programme trains and empowers women and men to cope with challenges relating to **domestic violence, teenage pregnancy and gender-based violence**. It also offers women the chance to **develop their business skills**. In 2008/9, district-based training sessions on teenage pregnancy were conducted, as well as domestic violence, maintenance and business training sessions.

Through the Library Information Services programme, the City also delivered a **number of valuable community services** ranging from literacy, reading and storytelling sessions hosted at various libraries across Cape Town, to **holiday programmes for children** and HIV/Aids displays and programmes as part of an ongoing adult education programme. Many of the City's libraries also played host to **cultural and artistic exhibitions, workshops and activities** ranging from contemporary African culture to beadwork lessons, and Women's Day celebrations.



Community food gardens provide sustenance and empowerment

Putting people back in their rightful places

The City is committed to **helping Cape Town's destitute and homeless** people to rebuild their lives and reintegrate with their communities. In 2008/9, the City of Cape Town, in partnership with 19 non-governmental organisations, successfully took 316 people off Cape Town's streets and helped them to reconnect with their families and communities. Ten local networks of care were also established in the period under review, to identify youth at risk, and reduce the effects of poverty and the pull factor of the central business districts.



The City of Cape Town has the most accredited health clinics in South Africa

Clearing the air

In the 2008/9 financial year, air pollution in Cape Town exceeded World Health Organisation (WHO) guidelines on 165 days. The Air Quality Management Plan has been drawn up to ensure clean city air over the next ten to 20 years, and to see to it that the City achieves its vision of **turning Cape Town into the African city with the cleanest air**. The City is reviewing its current Air Quality Bylaw, the revised draft of which has been approved and is currently in the public domain for comment.

Dealing with tuberculosis

Tuberculosis (TB) remains a key health threat on the African continent, but the City of Cape Town is committed to **limiting TB incidence and slowing its spread** in the city. In 2008/9, the City succeeded in slowing the TB rate of increase to 877 per 100 000 citizens. This is well ahead of the City's target of 1 040 per 100 000 citizens. The City's TB new smear positive cure rate (i.e. the cure rate amongst cases who are infectious and spreading the disease) has improved from 70% in 2005, to 78% in 2008. This makes **Cape Town's TB new smear positive cure rate the best for any metropolitan area in the country**.

Taking positive action against HIV

Against a target of 19%, the City achieved **a reduction in the HIV rate of increase in pregnant women** (i.e. the antenatal HIV rate) to 15,3% for the financial year under review. Over the last five years, the City has made the fight against HIV a top priority, and the citywide Get Tested campaign continues to deliver good results in encouraging citizens to obtain their HIV status.

Tackling substance abuse

In the period under review, two new substance abuse treatment centres became operational at Tafelsig Clinic and Table View Clinic respectively. The Cape Town Drug Action Committee was also convened, and a toll-free hotline established. A strategy to deal with substance abuse across the city has been finalised, and relevant City staff have been trained to ensure its effectiveness. In the coming year, the City is planning to open two more substance abuse treatment centres – one in Delft South, and the other in Khayelitsha.

Assuring your health

To ensure the best possible health care for Cape Town's citizens, all City of Cape Town health facilities are inspected by an external organisation, the Council for Health Service Accreditation of South Africa. **Cape Town now has the most accredited clinics** in the country, namely 22. In addition, all 16 environmental health offices have also been accredited. This ensures that standards are monitored and service quality is maintained and improved.

Review of the 2008/9 Financial Year

A WELL-GOVERNED CITY

Strategic Priority: Good Governance and Regulatory Reform

Our focus:

- Effective management of City finances
- Enhancing service delivery by making sure our people are qualified and trained
- Communicating effectively with the citizens of Cape Town

Highlights for 2008/9:

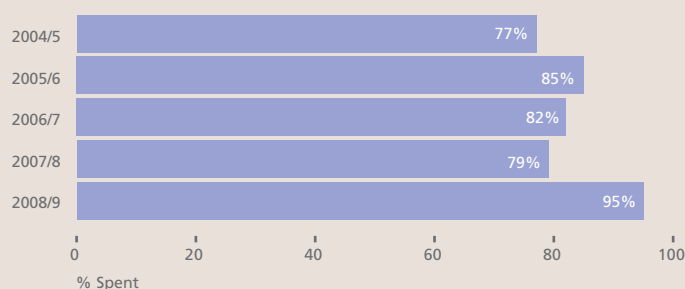
- Unqualified audit received from Auditor-General
- City's credit rating maintained
- Responses to annual Community Satisfaction Survey further improved
- 25% improvement in the staff loyalty index of City of Cape Town employees
- 96,8% of City's capital budget spent
- 96,67% of City's operating budget spent
- 95,02% revenue collected as a percentage of billed amount
- Environmental Compliance Strategy launched

The City of Cape Town's most valuable asset is its employees. In the 2008/9 financial year, the City identified four **main staff development priorities**. These were as follows:

- **Recognition** – competency and performance assessments were completed for senior professionals and managers
- **Effective management** – leadership development was undertaken, including coaching and mentoring, and supervisory training.
- **Care and concern** – the City's employee HIV/Aids programme continues to rate amongst the top programmes in the country; focused interventions in stress management are regularly undertaken for Safety and Security staff
- **Fairness** – all staff were moved onto common conditions of service and payroll, ensuring parity across these areas.

In the past financial year, **the City spent 95% of its training budget**, which is the best achievement to date in comparison to previous years. In spending the vast majority of its training budget, the City is not only equipping its employees to perform well in their various jobs, but is also helping these staff members to grow and develop as individuals, so that they can improve both their lives and careers.

Percentage of Workplace Skills Plan budget spent

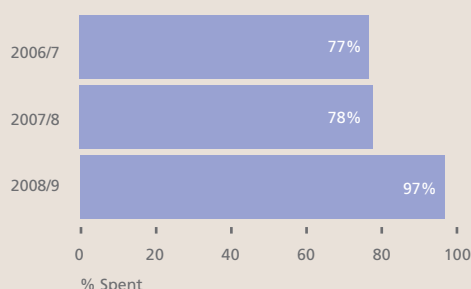


Spending budgets to maximise delivery

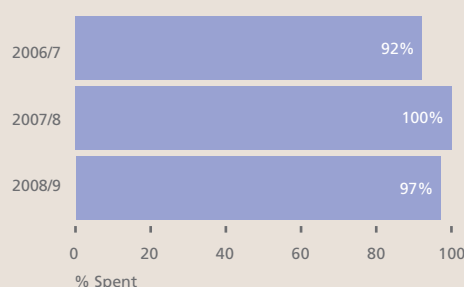
The City of Cape Town's annual budget consists of two parts: an operating budget and a capital budget. The capital budget is set aside for spending on infrastructure and services, such as roads, water, electricity and the many other utilities and services that Cape Town needs in order to function, grow and offer opportunities for its residents.

The City's ability to use this capital budget effectively is vital for it to deliver on its many objectives, and achieve its long-term vision. The budget is based on the income the City expects to derive from rates, service charges, and grants and subsidies. In the 2008/9 financial year, the City managed to spend **96,8% of its capital budget** and **96,67% of its operating budget**. The latter is set aside for salaries, operating costs, purchases and assistance for the poor, such as free water and sanitation.

Percentage of City's annual capital budget spent



Percentage of City's operating budget spent



* Source: City of Cape Town Corporate Performance Scorecard. Stated percentages may have been rounded off for graphing purposes.

A sixth unqualified audit

Every year, the Auditor-General audits the City of Cape Town's finances to make sure that the City is staying within the required legal accounting frameworks for government. For the **sixth year in a row, the City of Cape Town received an unqualified audit**, which means that the City fully complies with the financial legislative requirements under which it operates.

Ensuring environmental compliance

The goal of the Environmental Compliance Strategy is to put in place necessary information, skills, guidelines, planning systems, operational systems and procedures, and monitoring and reporting systems to ensure environmental legal compliance is achieved for efficient, equitable and sustainable service delivery. An environmental law framework for City activities was also completed, in order to promote compliance with national and provincial legislation.

Credit where it is due

The City's credit rating refers to its creditworthiness, and is a reflection of the City of Cape Town's ability to repay both its long-term and short-term liabilities. For 2008/9, the City enjoyed a credit rating of Aa2.za (long-term) and Prime -1 (short-term) from Moody's credit rating agency. This is the **fourth consecutive year that this credit rating has been maintained**, and is especially pleasing given the difficult economic conditions of the past 12 months.

The people have spoken

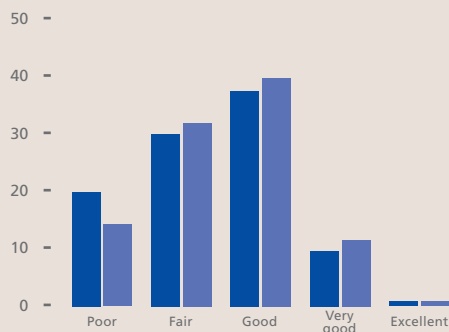
The second annual Community Satisfaction Survey of residents and businesses in Cape Town was conducted between November 2008 and February 2009. The results of the survey showed that Capetonians' **perceptions of the City's performance have improved**. Of residents polled, 54% now say that the City's overall performance is good, very good or excellent. This is up from last year's score of 50%.

The business responses have also shown improvement, with 77% of those surveyed saying that the City's overall performance was good, very good or excellent. This is an improvement on last year's 69%. In fulfilling its role as a public service provider, 75% of businesses rated the City as good, very good or excellent – an increase from 70% last year.

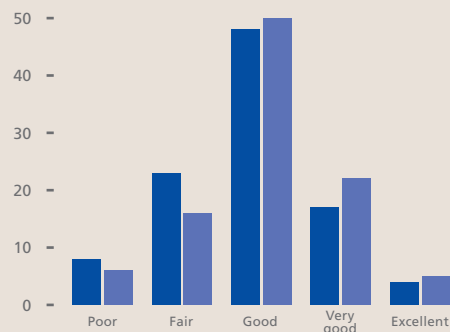
Review of the 2008/9 Financial Year

Key results of the Community Satisfaction Survey

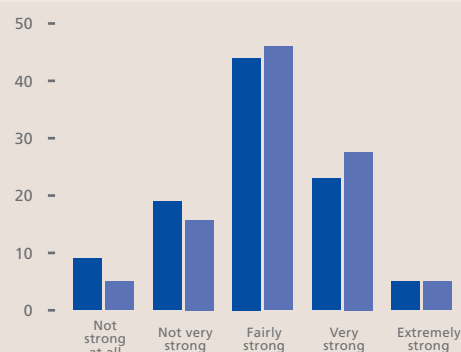
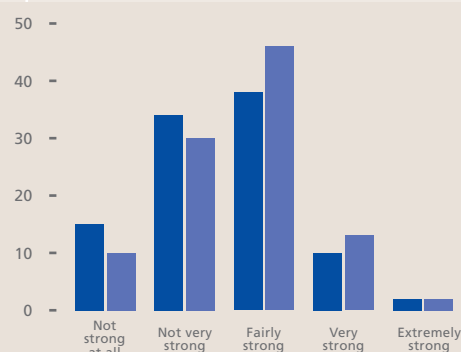
Residential respondents



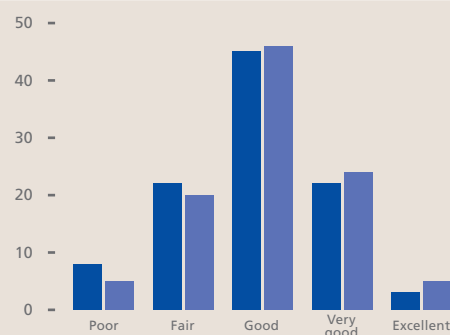
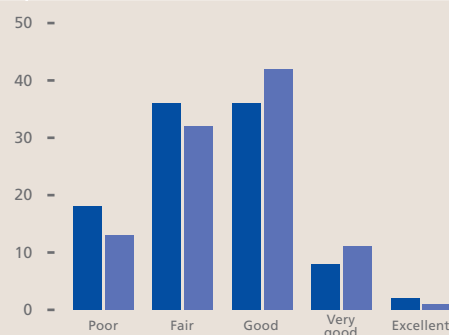
Business respondents



Question 1: Thinking about all the different services provided by the City of Cape Town, how would you rate the overall performance of the City?



Question 2: How strongly do you trust in the City of Cape Town?



Question 3: How would you rate the performance of the City of Cape Town in fulfilling its role as a provider of municipal services?

■ 2007/8 ■ 2008/9

Keeping in touch

Regular communication with the residents of Cape Town is an important part of the City's service delivery. All meetings of City Council structures are open to the public and members of the media. Tenders are also awarded in an open meeting environment. Much of the communication on city matters is conveyed through extensive media coverage of city affairs. During the year under review, the City of Cape Town City issued 740 media releases, alerts and briefing notices. Its quarterly newsletter to residents, *CityNews*, was awarded third place in a national publications competition while its staff newsletter, *Contact*, won the award for best internal newspaper. Other vital components of the City's communication efforts are its involvement in events linked to service delivery, ongoing community involvement, information campaigns and a well-used website. In addition to corporate information, a vast amount of information about the upcoming 2010 FIFA World Cup™ was provided during the 2008/9 financial year.

Performance overview of municipal entities

The City has two municipal entities, namely the Cape Town International Convention Centre (CTICC) and the Khayelitsha Community Trust (KCT).

Cape Town International Convention Centre (CTICC)

The CTICC enjoyed another successful year, hosting a total of 629 events – 273 more than its target, and 126 more than the previous financial period.

Event type	2007/8		Current 2008/9	
	Number of events	Delegates and visitors	Number of events	Delegates and visitors
International conference	42	33 134	34	27 439
National conference	32	16 696	33	18 906
Exhibition	18	313 534	21	364 266
Trade fair	18	51 288	14	26 507
Banquet	71	29 654	90	38 293
Other event	296	42 875	309	47 477
Special event	26	61 817	128	184 240
Total	503	548 998	629	707 128

While the CTICC posted excellent financial results, the effect of the worldwide economic crisis is evident in revenue, which decreased from R127,8 million in 2008, to R119,9 million in 2009. The centre was however still able to achieve an operating surplus of R14,1 million, compared to a budgeted shortfall of R6,5 million.

The Khayelitsha Community Trust (KCT)

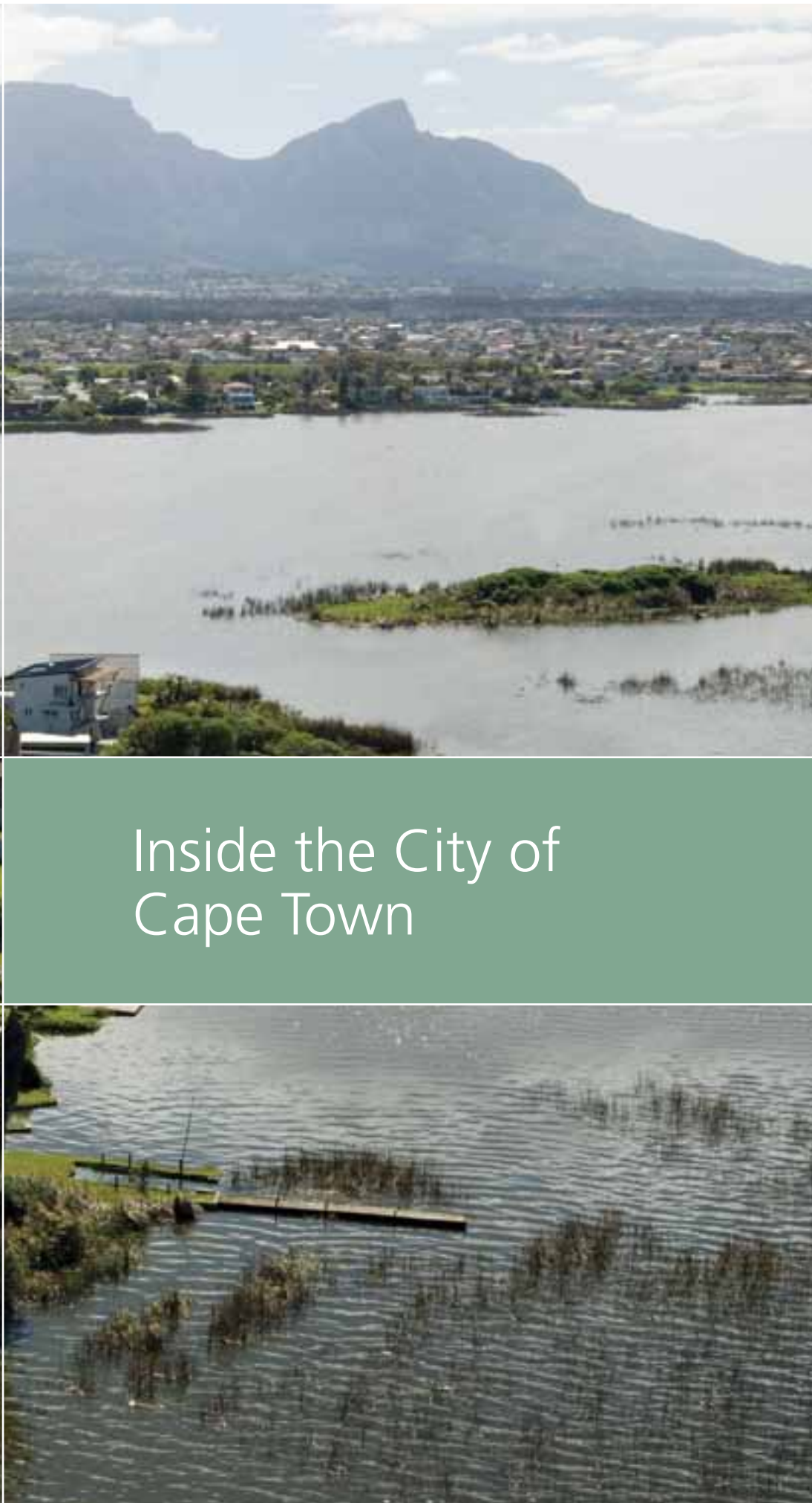
The KCT was established in 2003 to facilitate the development of the Khayelitsha central business district by establishing commercial, residential and community facilities.

After completing the show village early in 2008, it was intended to market and construct up to 1 200 Khayelitsha housing opportunities. However, the protractedness of obtaining rezoning permissions has exposed the development to the full effect of the National Credit Act, the global economic downturn, and spiralling construction costs. The housing project has therefore been delayed while KCT is pursuing alternative mechanisms to provide a more affordable product. KCT has also decided to revisit all its development plans to ensure that they are still relevant in the current economic climate.

KCT was also registered as a public benefit organisation (PBO), exempting it from income tax, and resulting in the removal of a tax liability of more than R34 million.

In the 2008/9 financial year, the City allocated a grant of R7,8 million to KCT to fund its operations, of which R2,7 million was spent on infrastructure. At year end, KCT had R6,0 million in cash reserves to fund operations in the 2009/10 financial year, with the possibility of a further grant by the City.





Inside the City of Cape Town



HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT OVERVIEW

Pension fund and medical aid information

The City of Cape Town offers and operates the following six pension and/or retirement funds:

- Cape Joint Fund (retirement and pension)
- Cape Municipal Pension Fund
- South African Municipal Workers' Union Provident Fund
- National Municipal Workers' Fund
- South African Local Authority Fund
- Municipal Councillors' Pension Fund

City staff may choose between the following five medical aid funds:

- SAMWUmed
- Key Health
- LA Health
- Bonitas
- Hosmed

Information systems and technology

The City invests heavily in world-class information communications technology (ICT) systems, as these are key to its operations and service delivery. Through the SAP-Enterprise Resource Planning system, most back-office business processes have been automated, and are complemented by both internally developed and commercially available software packages.

The responses from businesses in Cape Town have also shown improvement, with 77% of those surveyed saying that the overall performance of the City was good, very good or excellent. This is up from last year's 69%. In fulfilling its role as a public service provider 75% of businesses rated the City as good, very good or excellent, an increase from 70% for last year.

There are 12 300 computer users in the City of Cape Town. Based on a comprehensive review of ICT services in 2009, a revised staff resourcing strategy and services menu will be established. The financial year also saw 32 new ICT projects delivered in response to various business requirements. These projects included the Integrated Spatially Enabled Response Management System (ISERMS) for the municipal police; an enterprise risk management system; a film and informal trading permit system; a customer relations management system for the corporate call centre; and a transport information system. The SAP-Real Estate system was also upgraded to enable the implementation of a new land information system and associated business processes.

The business desktop deployment project involved the upgrade of City desktops from Microsoft Windows XP to Microsoft Windows Vista. At the same time, Microsoft Office 2003 was upgraded to Microsoft Office 2007.

The delivery of municipal services depends on a high-speed communications network, with sufficient bandwidth to satisfy a growing demand for connectivity. For this reason, the City will be implementing its own broadband optic fibre infrastructure network. This network has been designed not only to support the growing telecommunications needs of the administration, but also to be utilised for other municipal services, such as security surveillance cameras on the integrated rapid transit system. The primary objectives of the project are to reduce the City's telecommunications costs and to render a more effective and efficient telecommunications



The City invests heavily in world-class information technology systems

service to all areas in Cape Town. This broadband infrastructure holds enormous potential to stimulate the local economy. The first segments of the new infrastructure are expected to be operational by April 2010.

The City's telecommunications capabilities have been further strengthened by a radio network, comprising 37 new radio links that interconnect 28 municipal sites. The City wireless network (CWN) will provide high-speed redundant data and voice links, thereby improving service delivery to many remote sites, and connecting previously underserved areas. The CWN has been planned to complement the City's broadband optic fibre network.

An Integrated Spatial Information System

The Integrated Spatial Information Systems (ISIS) project was created to integrate property data, processes and systems across the city. The analysis phase of the project was completed in December 2008 with the approval of the business case and the blueprint. The project was in the system design phase in June 2009. An integrated Geographic Information System (GIS) portal, with web viewers, is also being developed. These will link to the City's Enterprise Resource Planning (ERP) system to offer seamless access to property information. Completion of the system is planned for the 2010/11 financial year.

Internal Audit

Internal Audit is an independent directorate at the City of Cape Town and forms a significant part of governance within the City, thus contributing to the City's strategic focus area of ensuring good governance and regulatory reform. Internal Audit is mandated to provide independent, objective assurance and consulting services, geared towards adding value and improving the City's operations.

Internal Audit's plans are informed by the City's strategy and risks and its staff is well qualified and experienced to ensure the necessary competence to meet the City's diverse requirements. Internal Audit launched a quality assurance programme and was rated by an external quality assurance reviewer as operating at the highest level of conformance, in terms of the international standards of the Institute of Internal Auditors, and at the second highest level of maturity in terms of the private sector draft Internal Audit Capability Maturity Model. These ratings illustrate Internal Audit's ability to effectively execute its mandate.

During the 2008/9 financial year, Internal Audit provided assurance regarding the adequacy and effectiveness of controls in business processes, as well as in specialised areas such as Information Technology, Governance, Performance, Sustainability, Compliance and Risk Management. Based on the results of these audits, internal audit provided the Audit Committee with an annual written assessment on the status of the City's internal controls for 2008/9.

The City's 2008/9 scorecard included an indicator to reduce the number of recurring findings emanating from Internal Audits conducted. During the 2008/9 financial year, Internal Audit conducted follow-up audits, which indicated an improvement in the implementation rate of management corrective actions to address internal audit findings from the prior year. The improvement in this indicator illustrates a growing commitment to improve controls and compliance with legislation, policies and procedures in the City. Greater efforts to address internal audit findings strengthen the City's control environment, as improved controls result in the mitigation of risks that could negatively impact the achievement of the directorate/City's strategic objectives.

Inside the City of Cape Town



Manenberg: Nyanga junction

Internal Audit contributed to further strengthening the governance mechanisms within the City by providing quality reports, which the Audit Committee uses to effectively exercise its oversight responsibility, in terms of its charter.

Internal Audit assists the Standing Committee on Public Accounts (SCOPA) as the first effectively functioning SCOPA of a municipality in the country, to create work methods that have resulted in establishing a best practice model for the rest of the country. The oversight role of SCOPA has become more established in the City, as indicated by the matters referred to it for investigation and recommendations, which were supported by Council for implementation. The SCOPA successfully conducted the oversight process, which included reviewing the City's annual report and holding management accountable for the handling of public funds and resources.

Risk management

The City of Cape Town's Risk Committee was formed on 12 December 2008, and consists of four executive directors and the chairperson of the Audit Committee. The chairperson is the Chief Financial Officer, and other standing invitees to the Risk Committee are the City Manager; the Chief Audit Executive, the Director: Treasury and the Chief Risk Officer.

In the period under review, the Risk Committee performed its mandated duties, which included the following:

- Receiving feedback on progress with the risk registers at a strategic and operational level
- Giving feedback on establishing a common understanding of risk management
- Monitoring progress with the updating of risk registers
- Monitoring of management's mitigation action plans by means of dashboards, to ensure that appropriate actions were taken
- Building areas of upside risk and emerging risk trends into the risk management process, and receiving feedback where necessary
- Obtaining feedback on other specialised risk areas, such as disaster risk management, environmental risk management and fraud risk management

More generally speaking, the process of risk identification and risk assessment for the City of Cape Town has been completed at a strategic level, and is being extended to a tactical level. The implementation of enterprise-wide (integrated) risk management is iterative, and requires more than one financial year to become established.

In the next financial year, certain key components will be finalised, such as the risk strategy, risk appetite and tolerance levels, specific initiatives surrounding fraud risk management, disaster risk management and environmental risk management.

The process of establishing enterprise risk management, or 'integrated risk management' as it is known in the City of Cape Town, began in January 2008. Risk management was previously an ad hoc process, and various components across the City were not integrated. The establishment of the Risk Committee has now provided the governance structure needed for integrated risk management. The process of establishing risk management has therefore started, and the increasing discussion and debate around risk management issues is proof of the progress made in this regard.

District service co-ordination

In an effort to improve service delivery and quality even further through a coordinated approach, the City has begun implementing its district service co-ordination (DSC) initiative. Through cross-functional teamwork, the DSC aims to enhance and significantly improve the City's overall service delivery to the citizens of Cape Town. In the year under review, the project team obtained City approval to select a learning site and begin implementation of the DSC. The next steps involve the appointment of an implementation team, and the rollout of the programme to other districts, including rigorous monitoring and evaluation. Refer to map on inside back cover.

Inside the City of Cape Town

GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

The framework for the institutional structures through which City of Cape Town implements its strategies is as follows:

Alignment with Western Cape Provincial Government and National Government

National	Accelerated and Shared Growth Initiative for South Africa	
	National Spatial Development Perspective	
Province	Provincial Growth and Development Strategy	
	Provincial Spatial Development Strategy	
Functional region	Cape Town Functional Region Development Strategy	
	An argument for future Cape Town	Cape Town City Development Strategy (including Spatial Development Framework)
	Integrated Transport Plan	
City	Human Settlement Strategy	Five-year Integrated Development Plan for the City (Integrated Development Plan/IDP)
	Environmental Management Plan	Cape Town Local Area/District Plans (District IDPs)
	Economic and Human Development Framework	

Governance structure of the City of Cape Town

COUNCIL

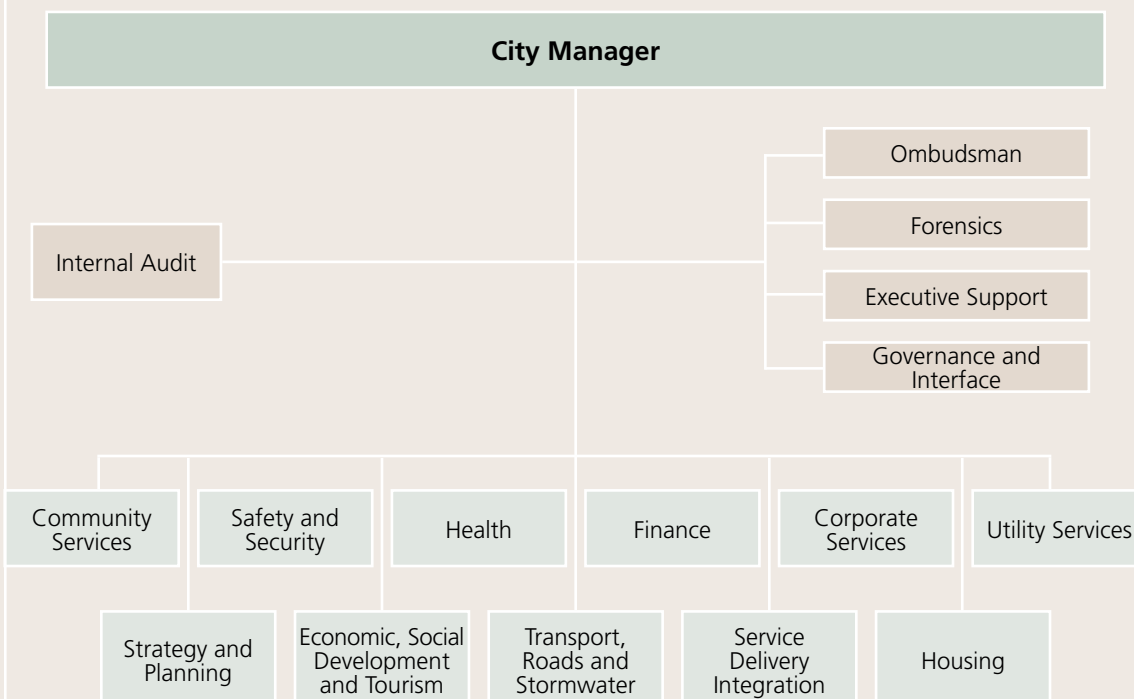
SPEAKER				Executive Mayor
	SCHEDULE 1	SECTION 79 COMMITTEES (Municipal Structures Act)	SECTION 79 PORTFOLIO COMMITTEES (Municipal Structures Act)	Executive Mayoral Committee
	Disciplinary Committee	* SPELUM (Spatial Planning, Environment and Land Use Management Committee) * SCOPA (Standing Committee on Public Accounts) * Rules * Homeless Agency	* Utility Services * Corporate Services and Human Resources * Finance * Safety and Security * Community Services * Health * Housing * Economic, Social Development and Tourism * Planning and Environment * Transport, Roads and Stormwater	SECTION 80 COMMITTEES (Municipal Structures Act) * Budget * Energy
	Subcouncils			Ad hoc committees, working groups and task teams * Fire Investigations * IDP and Annual Report * Delegations Task Team * Tariff and Rates
	Ward participatory mechanisms	Section 166 Municipal Finance Management Act Audit Committee		
	Section 62 (Municipal Systems Act)			South African Police Act
	Planning and General Appeals Committee			Civilian Oversight Committee

Executive Management Team

The Executive Management Team of the City of Cape Town consists of:

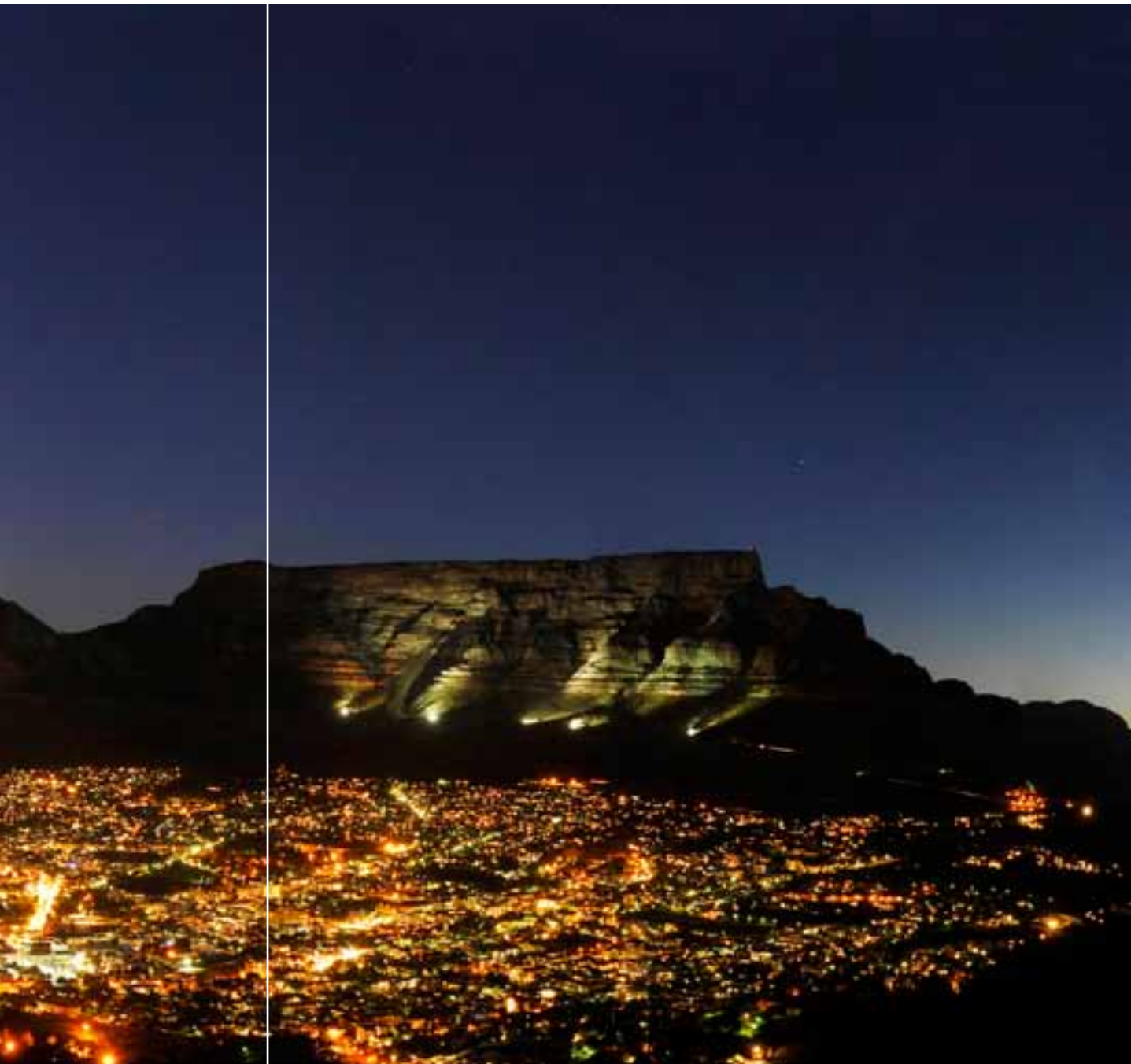
City Manager	Achmat Ebrahim
Chief Audit Executive	Zulpha Abrams
Community Services	Lokiwe Mtwazi
Corporate Services	David Beretti
Economic, Social Development and Tourism	Mansoor Mohamed
Finance	Mike Richardson
Health	Ivan Bromfield
Housing	Hans Smit
Safety and Security	Richard Bosman
Service Delivery Integration	Mike Marsden
Strategy and Planning	Piet van Zyl
Transport, Roads and Stormwater	Eddie Chinnappen
Utility Services	Bulumko V Msengana

The Executive Management Team (EMT) operates within the following broad structure to steer the City of Cape Town in achieving its strategic objectives:





The majestic Table Mountain at night



Financial Statements and Related Information

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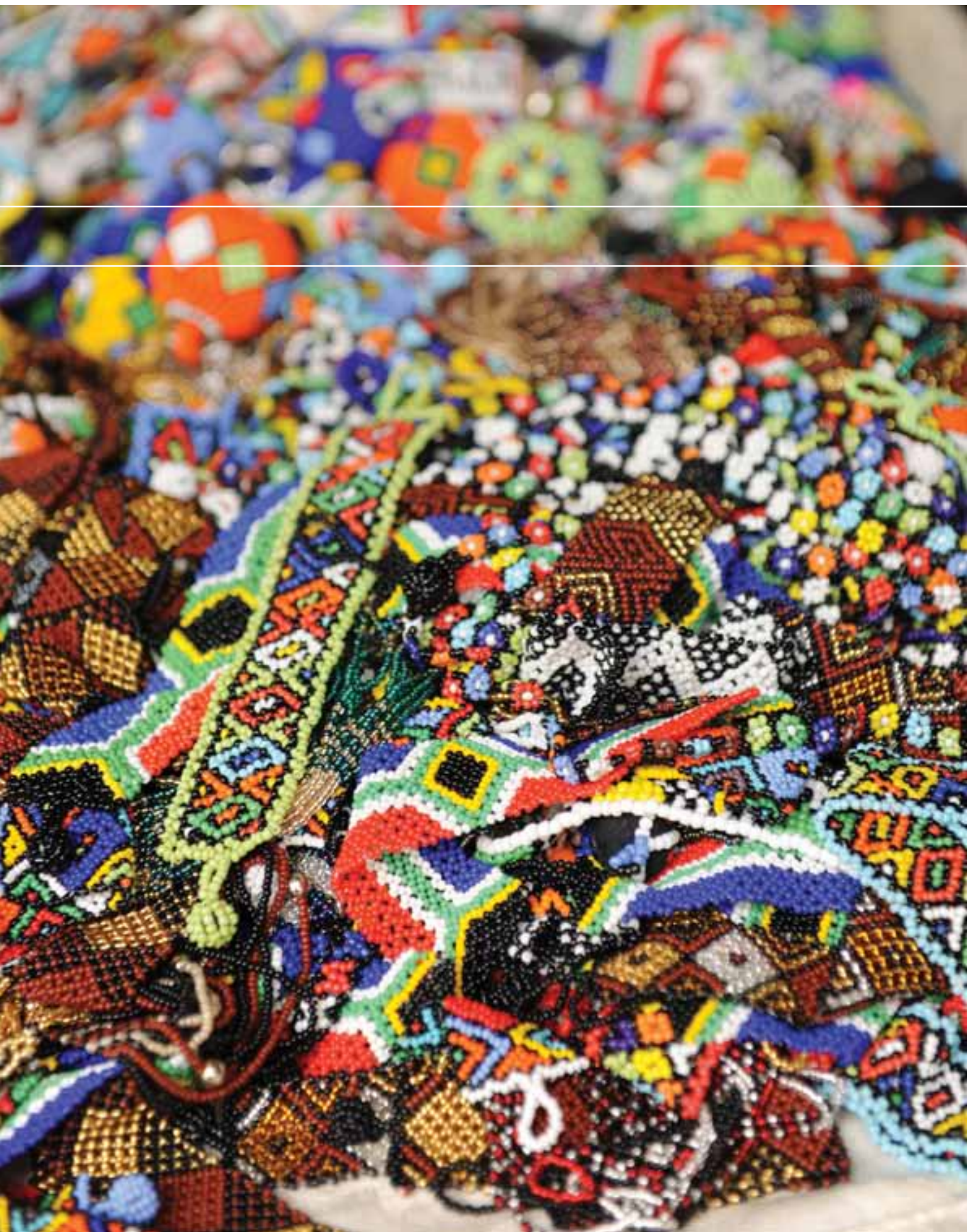
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GENERAL INFORMATION

MAYOR

Alderman D Plato

DEPUTY MAYOR

Alderman I Neilson

SPEAKER

Alderman JD Smit

CHIEF WHIP

Councillor AM Serritslev

MEMBERS OF THE MAYORAL COMMITTEE

Alderman CR Justus	Mayoral Committee Member for Utility Services
Alderman I Neilson	Mayoral Committee Member for Finance
Alderman F Purchase	Mayoral Committee Member for Economic Development and Tourism
Alderman B Walker	Mayoral Committee Member for Corporate Services and Human Resources
Councillor M Nieuwoudt	Mayoral Committee Member for Planning and Environment
Councillor G Pascoe	Mayoral Committee Member for Social Development
Councillor DG Ras	Mayoral Committee Member for Community Services
Councillor S Sims	Mayoral Committee Member for Housing
Councillor JP Smith	Mayoral Committee Member for Safety and Security Services
Councillor E Thompson	Mayoral Committee Member for Transport, Roads and Stormwater
Councillor D Ximbi	Mayoral Committee Member for Health

MEMBERS OF THE AUDIT COMMITTEE

Mr AA Mahmood	(Chairperson)
Ms BD Engelbrecht	
Ms KR Moloko	(Appointed 27 August 2008)
Mr MR Burton	(Reappointed 30 March 2009)
Mr RS Schur	(Term completed 28 February 2009)
Mr ZI Manjra	(Appointed 30 March 2009)

AUDITORS

The Auditor-General	
Business Connexion Building	Private Bag X1
Ring Road, Century Boulevard	Chempet
Century City 7441	7442

BANKERS

ABSA Bank

1st Floor, Tijgerpark IV	PO Box 4453
Willie van Schoor Drive	Tyger Valley
Tyger Valley 7530	7536

REGISTERED OFFICE

12 Hertzog Boulevard	PO Box 655
Cape Town	Cape Town
8000	8000

CITY MANAGER

Achmat Ebrahim

CHIEF FINANCIAL OFFICER

Mike Richardson

*** COUNCILLOR/ALDERMAN**

Abdullah, R	Gexa, NG	Matha, MS	Rossouw, S
Abrahams, A	Gophe, XO	Matiwane, MP	Salwary, MI
Abrahams, AN	Gouws, PJH	Matshikiza, AB	Sass, GM
Adams, F	Green, AM	Matshoba, MO	Schwella, W
Adams, R	Groenewald, E	Mavungavunga, VN	Serritslev, AM
Amira, D	Gutuza, FS	Mawela, XG	Sidinana, LT
Anderson-Jardine, LO	Gwangxu, X	Maxakato, FH	Sikhutshwa, TR
Arendse, MG	Haskin, GCR	Mbaliswana, MG	Siljeur, GR
Arendse, PS	Hassiem, W	Mbonde, ME	Simons, JM
Arendse, SWP	Haywood, M	McKenzie, CL	Sims, S
Ariefdien, M	Herron, BN	Mdluli, VV	Sizani, FM
August, SN	Heuvel, JA	Mgodeli, P	Smit, D
Bala-Mjobo, BV	Hill, PA	Mgxekekeni, TM	Smit, JD
Baskiti, M	Hlazo, MW	Middleton, JH	Smith, DR
Bent, NL	Holderness, N	Mini, GB	Smith, J
Benya, L	Ipser, CW	Mkutswana, MA	Solizwe, MT
Bergh, AV	Iversen, I	Mngxunyeneni, PM	Sonnenberg, EJ
Berry, EA	Jackson, B	Mocke, DV	Sopaqa, MM
Bester, N	Jackson, IR	Mofoko, NM	Sotashe, X
Bevu, MZ	Jacobs, BM	Morkel, GN	Steenkamp, FR
Bew, CB	Jacobs, J	Moshani, NA	Stemela, HP
Billie, NE	Jacobs, NA	Mothuko, NC	Tabisher, C
Bottoman, TN	Jaftha, WD	Mrawu, R	Thomas, CR
Booi, PT	Jama, JS	Mthiya, TB	Thomas, GHJ
Brady, WE	Jantjies, LEJ	Murudker, M	Thompson, EL
Bredenhand, JC	Jeffreys, CB	Mxolose, WS	Thompson, TB
Brenner, HI	Jelele, LD	Neilson, ID	Timm, G
Britz, MT	Jespersen, GA	Nenzani, SM	Traut, A
Brynard, CA	Joko, B	Ngamlana, TI	Trout, TV
Burger, JHH	Jones, M	Nieuwoudt, MJ	Truter, B
Cavanagh, GV	Joseph, D	Njamela, JG	Tshambula, D
Chapple, PH	Justus, CR	Ntamo, GT	Twigg, GG
Christians, DJ	Kearns, F	Ntloko, HN	Tyhalisisu, VKT
Claasen, CPV	Kent, MEA	Ntongana, NE	Van Dalen, B
Claassen, HM	Kinahan, OM	Ntotoviyane, C	Van der Merwe, JFH
Clayton, CC	Klaas, MN	Nyanga, X	Van der Walt, ML
Cortje-Alcock, BA	Klein, TD	O'Connell, RA	Van Rensburg, MJ
Crous, AC	Kleinsmith, ME	Oliver, MJ	Van Wyk, J
D'Alton, DJ	Kotyi, PN	Orrie, A	Van Zyl, P
Daniels, CJ	Kwayinto, EN	Pascoe, GI	Venter, JD
Dantile, PN	Labase, MM	Pearce, Y	Vlotman, B
Dase, NC	Landingwe, NJ	Pick, UE	Vos, J
Dauids, MM	Lategan, KH	Plato, D	Vuba, ST
Dudley, DK	Lee, BEH	Pretorius, IJ	Walker, VM
Dunn, LR	Le Roux, B	Pringle, SB	Watkyns, BRW
Elese, D	Ludidi, MT	Purchase, F	Williams, DC
Erasmus, JF	Lukas, A	Qually, DL	Xazana, R
Esbach, BM	Maboe, BE	Ras, DG	Ximbi, DL
Fienies, MM	Mafilika, B	Rau, R	Yiba, LPL
Fourie, A	Magwentshu, ND	Raymond, FHL	Zuma, BA
Frans, J	Makanda, MN	Ridder, JC	
Gabriel, NA	March, GW	Robinson, AC	
Gabriel, PJ	Martin, FJ	Ross, ND	

* Information as at 30 June 2009



CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2009

APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

I am responsible for the preparation of these consolidated annual financial statements, as set out on pages 60 to 131 in terms of Section 126(1) of the Municipal Finance Management Act (Act No. 56 of 2003), and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 30 to these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Achmat Ebrahim

City Manager

30 September 2009

1 OVERVIEW

In an eventful year for the Economic Entity (hereinafter 'the Entity') to 30 June 2009, given the prevailing market condition which took a heavy toll on many industries, the Entity remained relatively resilient to the impact of the economic downturn.

Notwithstanding improved results, the Entity remains conscious of the fact that the demands for its services continue to outstrip its resources. The heightened sense of urgency around social infrastructure backlogs and 2010 readiness programme has had the effect of stretching resources considerably.

Despite these challenges, and in the context of the economic contraction, the key performance indication of the Entity's financial strength remain within the Entity's internal targets.

The Statement of Financial Performance of the Entity reflects its leverage ability to manage its strong Statement of Financial Position efficiently and maintaining sound financial health in order to deliver on its constitutional and developmental mandate.

The financial activities of the year are reviewed in the sections of this report.

2 OPERATING RESULTS

The overall summarised operating results for the Entity in comparison to the approved budget are shown below. The Statement of Financial Performance reflects a summary of income and expenditure, whilst the segmental operating results per service are shown in Appendix C to the annual financial statements.

	2009		2008	2008 – 2009
	Actual R'000	Budget R'000	Actual R'000	Growth %
Revenue				
Property rates	3 237 649	3 381 612	3 256 512	(0,58)
Service charges	7 057 419	7 164 287	5 951 184	18,59
Grants and subsidies – operating	2 273 951	2 253 222	1 720 913	32,14
Finance income	666 643	488 316	544 400	22,45
Other	929 428	791 966	869 939	(6,84)
	14 165 090	14 079 403	12 342 948	14,76
Expenditure				
Employee-related costs	4 570 882	4 884 320	4 071 883	12,25
Impairment costs	903 177	786 880	725 956	24,41
Net depreciation and amortisation expenses	390 952	357 990	467 709	(16,41)
Depreciation and amortisation expense	752 606	971 724	791 970	(4,97)
Grant funded assets financed from reserves*	(361 654)	(613 734)	(324 261)	11,53
Finance costs	407 938	390 586	293 864	38,82
Bulk purchases	2 880 965	2 899 316	2 141 514	34,53
Repairs and maintenance	915 611	846 368	792 623	15,52
Contract services	729 674	698 505	649 396	12,36
General expenses	2 834 806	2 999 040	2 708 023	4,68
	13 634 005	13 863 005	11 850 968	15,05
Net operating surplus before taxation and minority interest	531 085	216 398	491 980	
Grant and subsidies – capital	2 970 310	3 077 815	1 331 548	
Grant funded assets financed from reserve*	(361 654)	(613 734)	(324 261)	
	3 139 741	2 680 479	1 499 267	
Appropriations and taxation	3 311 113	(3 014 082)	(1 698 077)	
Net result	(171 372)	(333 603)	(198 810)	

Actual revenue has increased by 14,76%, whilst expenditure increased 15,05% between the respective financial years. A comparison of actual results to the approved budget, and explanations of material differences, are set out in the annual financial statements as per Appendix D(1).

* Grant funded assets component included in the accumulated surplus represents deferred income to net of future depreciation charges over the useful life of the assets funded as such.

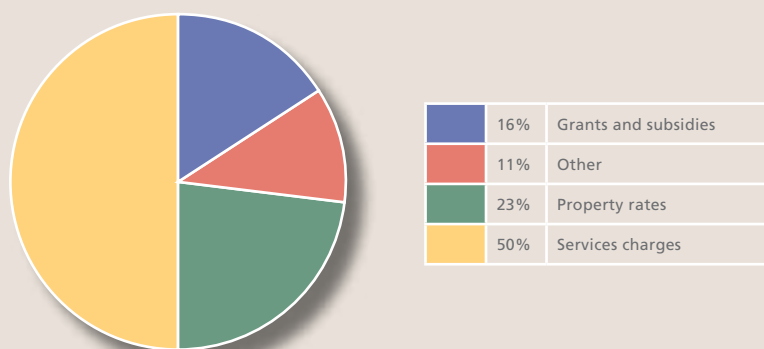
Included in the Statement of Changes in net assets is a contribution to the capital replacement reserve of R554,19 million to support the capital renewal programme.

2.1 Operating revenue

The major revenue streams that supported the programmes and activities of the Entity were:

- property rates;
- service charges which are made up of:
 - electricity sales;
 - water sales;
 - wastewater management (sewerage and sanitation); and
 - waste management (solid waste);
- government grants; and
- other.

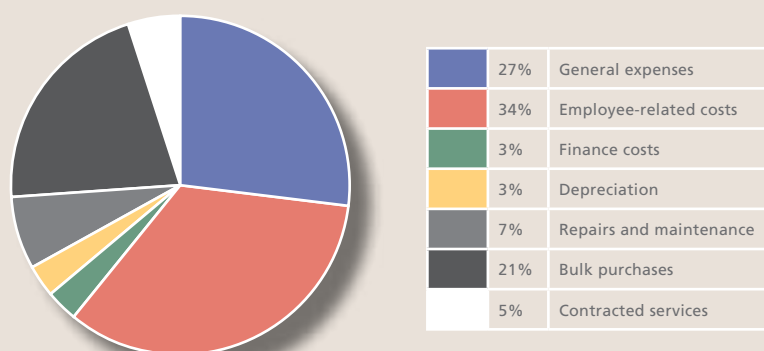
The Entity experienced a total revenue growth of 14,76% on the amounts realised in the previous financial year, which was approximately the amount targeted in this year's budget. The following graph indicates the main categories of income.



Further detail of service charges is contained in note 23 to the financial statements.

2.2 Operating expenditure

The following graph indicates the main categories of expenditure for the year under review. The proactive management control and containment of cost increases remains a key priority of the Entity. The lower depreciation cost in comparison to the previous year is not indicative of a reduced capital expenditure programme, but rather due to huge capital investment of which the completion of these projects are longer than a 12-month period. Finance costs rose as result of the Entity's increased capital investment and funding strategy.



Further detail is contained in notes 29 to 37 to the financial statements.

3 OPERATING RESULTS PER SERVICE

The following is a summary of the operating results of the various services.

3.1 Rates and general services

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	7 568 701	7 598 538	29 837	6 936 466
Expenditure	(7 316 167)	(7 751 392)	(449 412)	(7 015 496)
Net operating surplus	252 534	(152 854)	(419 575)	(79 030)
Grant and subsidies – capital	2 488 649	2 562 917	74 268	1 091 469
Result for the year	2 741 183	2 410 063	(345 307)	1 012 439
Appropriations	(2 702 265)	(2 427 262)	275 003	(1 049 699)
Net results	38 918	(17 199)	(70 304)	(37 260)

The operating surplus realised as a surplus in excess of the budgeted deficit is mainly due to the expenditure for the achievement of staff parity being lower than the provisions made in the budget.

3.2 Housing service

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	494 212	366 139	(128 073)	328 111
Expenditure	(818 659)	(896 563)	(77 904)	(666 715)
Net operating deficit	(324 447)	(530 424)	(205 977)	(338 604)
Grant and subsidies – capital	164 017	187 021	23 004	76 836
Result for the year	(160 430)	(343 403)	(182 973)	(261 768)
Appropriations	(83 730)	66 180	149 910	3 523
Net results	(244 160)	(277 223)	(33 063)	(258 245)

The lower-than-expected operating deficit in relation to budgeted amounts are mainly due to a decrease in employee and impairment costs and also an increase in operating grants received.

3.3 Trading services

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Electricity service				
Revenue	4 723 968	4 682 903	(41 065)	3 452 353
Expenditure	(4 305 134)	(4 437 052)	(131 918)	(3 365 266)
Net operating surplus	418 834	245 851	(172 983)	87 087
Grant and subsidies – capital	55 093	57 221	2 128	42 311
Result for the year	473 927	303 072	(170 855)	129 398
Appropriations	(295 499)	(253 528)	41 971	(228 566)
Net results	178 428	49 544	(128 884)	(99 168)

The higher-than-expected operating surplus in relation to budgeted amounts is mainly due to lower-than-expected expenditure on repairs and maintenance and bulk purchases and also an increase in electricity sales.

3.3 Trading services continued

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Waste management (solid waste)				
Revenue	1 202 190	1 223 342	21 152	1 175 141
Expenditure	(1 222 517)	(1 244 928)	(22 411)	(1 170 936)
Net operating deficit	(20 327)	(21 586)	(1 259)	4 205
Grant and subsidies – capital	37 500	37 500	–	25 000
Result for the year	17 173	15 914	(1 259)	29 205
Appropriations	(42 333)	(33 036)	9 297	(43 132)
Net results	(25 160)	(17 122)	8 038	(13 927)

The lower-than-expected operating deficit in relation to budgeted amounts are mainly due to a budget increase in employee-related costs, as a result of the implementation of the staff parity exercise.

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Water service (Water and wastewater management)				
Revenue	3 354 897	3 475 441	120 544	3 241 370
Expenditure	(3 529 801)	(3 407 266)	122 535	(2 789 034)
Net operating deficit	(174 904)	68 175	243 079	452 336
Grant and subsidies – capital	225 051	233 156	8 105	95 932
Result for the year	50 147	301 331	251 184	548 268
Appropriations	(182 156)	(366 436)	(184 280)	(373 077)
Net results	(132 009)	(65 105)	66 904	175 191

The operating deficit in relation to budgeted amounts are mainly due to a higher contribution for impairment provision for bad debts and also a decrease in service charges income.

3.4 Subsidiaries (controlled and municipal entities) and joint venture

	2009			2008
	Actual R'000	Budget R'000	Variance R'000	Actual R'000
Revenue	193 394	180 009	(13 385)	220 620
Expenditure	(175 653)	(186 507)	(10 854)	(169 108)
Net operating surplus	17 741	(6 498)	(24 239)	51 512
Taxation	(5 130)	–	5 130	(16 913)
Net results	12 611	(6 498)	(19 109)	34 599

The surplus for the year as compared to a budget deficit, is a result of the revision of the estimated useful lives of assets of Cape Town International Convention Centre, which resulted in a saving of budgeted depreciation.

4 CAPITAL EXPENDITURE AND FINANCING

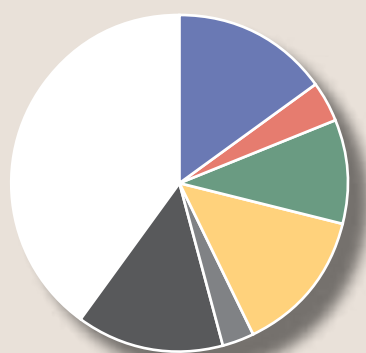
Capital expenditure incurred during the year amounted to R5,08 billion, which represented 96,97% (2008: 78,54%) of the approved capital budget. This is an increase of 61,35% based on year to year.

Capital expenditure per service	2009			2008
	Actual R'000	Budget R'000	Variance %	Actual R'000
Rates and general	2 738 752	2 791 163	(1,88)	1 501 614
Roads and stormwater	759 847	782 939	(2,95)	395 133
Housing	226 936	252 901	(10,27)	116 484
Electricity	496 871	517 825	(4,05)	543 788
Water service (water and wastewater management)	699 558	734 882	(4,81)	487 195
Waste management (solid waste)	164 889	165 782	(0,54)	110 436
	5 086 853	5 245 492	(3,02)	3 154 650

The aforementioned fixed assets were financed from the following sources:

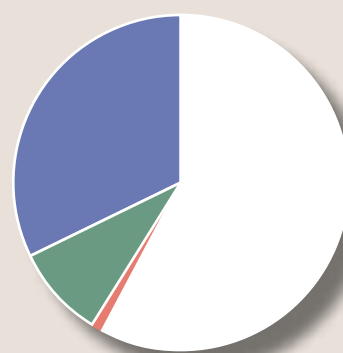
Source of finance	2009			2008
	Actual R'000	Budget R'000	Variance %	Actual R'000
Capital replacement reserve	451 830	476 239	(5,13)	571 720
External finance fund	1 609 435	1 657 380	(2,89)	1 242 470
Grants and donations	2 962 341	3 049 905	(2,87)	1 275 656
Revenue	63 247	61 968	2,06	64 804
	5 086 853	5 245 492	(3,02)	3 154 650

Capital expenditure



15%	Roads and stormwater
4%	Housing
10%	Electricity
14%	Water service
3%	Waste management
14%	Rates and general
40%	Cape Town Stadium

Source of finance



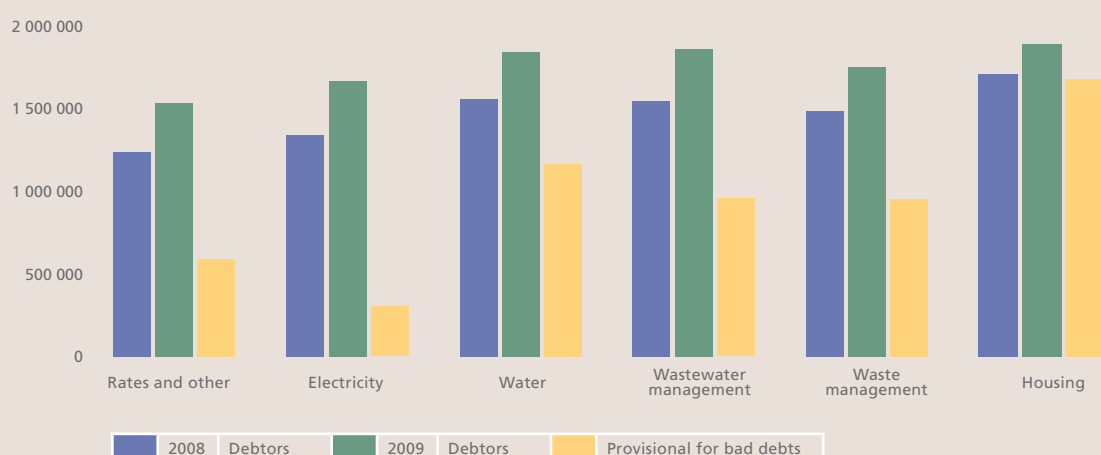
32%	External finance fund
1%	Revenue
9%	Capital replacement reserve
58%	Grants and donations

A complete analysis of capital expenditure (budgeted and actual) per functional area is included in Appendix D(2), whilst Appendix B contains detail according to asset class. More details regarding external loans used to finance fixed assets are shown in Appendix A.

5 CONSUMER DEBTORS

Outstanding consumer debtors at 30 June 2009 were R5,82 billion. Total provision for impairment increased from R2,57 billion to R3,08 billion. The amounts included in the consumer debtor balances considered to be doubtful are covered by a provision for impairment of R3,08 billion, which represents 52,89% of the total outstanding consumer debtors. An amount of R92,70 million was written off during the year under review.

The outstanding consumer debtors as at 30 June 2009 are represented graphically below, also reflecting the coverage by the provision for impairment.



6 BORROWING, INVESTMENTS AND CASH

Interest-bearing debt increased by net of R822,33 million (23,62%) in the year ended 30 June 2009 to finance the Entity's infrastructure capital programme.

In the financial year ended 30 June 2009, the Entity repaid interest-bearing debt of R429,70 million.

Long-term investments as at 30 June 2009 amounted to R197,38 million, and short-term investments amounted to R1,20 billion, of which R416,54 million was set aside for the repayment of loans. Cash and cash equivalents increased by R1,50 billion to R2,76 billion.

Additional information regarding loans, investments and cash and cash equivalents is provided in notes 12, 6, 11 and Appendix A to the financial statements.

7 CASH FLOW ANALYSIS

Cash generated from operations decreased from R3,56 billion to R3,33 billion. The Entity's working capital requirements have steadily increased over the last two years due to improved service delivery and 2010 initiatives. The increase in working capital is expected to be funded from cash generated from operations without any shortfall being funded from short-term borrowings.

Summary of net cash flows

Cash from operating activities

Cash from investing activities

Cash from financing activities

Net increase in cash and cash equivalents

	2009 R'million	2008 R'million
Cash from operating activities	3 331	3 561
Cash from investing activities	(2 673)	(4 074)
Cash from financing activities	831	1 250
Net increase in cash and cash equivalents	1 489	737

Net cash flows from operating activities decreased by 6,5%. Net cash flow utilised in investing activities decreased from R4,07 billion to R2,67 billion mainly due to the construction of the Cape Town stadium and the significant capital programme in cash-generating assets. As a result of the debt raising activities cash flows from financing activities decreased from R1,25 billion to R831,00 million. Intended loan funded assets were funded from the Entity's own resources to the amount of R1,80 billion – refer to note 41.

8 CREDIT RATING


The Entity is rated by Moody's Investor Services. During the year under review, Moody's retained their rating and outlook for the Entity as Aa2 stable outlook. The rating was reaffirmed during July 2009. To monitor our credit rating and capacity for long-term financing we consider various qualitative and quantitative factors. At 30 June 2009 and 30 June 2008, the gearing ratio, which is net debt divided by total capital plus net debt was 22,57% and 30,36% respectively. For the purpose of this calculation net debt is defined in note 45.4 of the financial statements.

9 EXPRESSION OF APPRECIATION

I wish to convey my sincere appreciation to the Executive Mayor, the Mayoral Committee, the Chairperson and members of the Finance Portfolio Committee, the Audit Committee, SCOPA, the City Manager and Executive Management Team for their support and co-operation received during the year.

A special word of gratitude to all financial staff, especially the accounting staff for their contribution, and to the staff of the Auditor-General, the auditors appointed by him, and their staff, for conducting the external audit and for their assistance, support and co-operation during the year.

Finally, a further word of thanks to everybody for the months of hard work, sacrifices and concerted effort during the year to enable the Entity to finalise these financial statements within the prescribed period.



Mike Richardson
Chief Financial Officer

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

		Economic Entity		Municipality of Cape Town	
	Note	2009 R'000	2008 R'000	2009 R'000	2008 R'000
ASSETS					
Non-current assets		17 012 176	13 034 566	16 834 824	12 846 342
Property, plant and equipment	2	16 532 741	12 351 665	16 316 621	12 142 997
Investment property	3	91 546	95 076	91 546	95 076
Intangible assets	4	32 821	20 103	32 821	20 083
Investments	6	197 375	351 450	236 143	390 218
Long-term receivables	7	157 693	216 272	157 693	197 968
Current assets		7 332 750	7 401 736	7 194 601	7 261 489
Assets classified as held-for-sale	5	–	242	–	242
Inventory	8	194 411	228 011	193 351	216 340
Trade receivables	9	2 743 236	2 291 523	2 744 102	2 292 286
Other receivables	10	419 066	359 009	407 104	346 278
Short-term investments	6	1 196 576	3 221 903	1 196 576	3 221 903
Current portion of long-term receivables	7	21 517	23 838	21 517	16 949
Current portion of derivative financial instruments		–	8 664	–	8 664
Cash and cash equivalents	11	2 757 944	1 268 546	2 631 951	1 158 827
Total assets		24 344 926	20 436 302	24 029 425	20 107 831
LIABILITIES					
Non-current liabilities		6 453 690	5 487 012	6 423 138	5 449 546
Long-term borrowings	12	3 831 465	3 075 214	3 811 963	3 047 812
Provisions	13	2 611 175	2 400 457	2 611 175	2 400 457
Deferred taxation		11 050	10 064	–	–
Derivative financial instruments		–	1 277	–	1 277
Current liabilities		5 161 019	5 353 326	5 113 890	5 302 075
Consumer deposits	14	254 017	245 627	235 526	237 591
Provisions	15	543 089	557 967	540 789	556 019
Payables	16	2 845 095	2 427 322	2 822 590	2 389 634
Unspent conditional grants and receipts	17	889 821	1 563 636	889 821	1 562 884
VAT	18	145 221	143 703	145 302	145 308
Taxation		3 179	3 532	–	–
Current portion of long-term borrowings	12	476 219	410 139	475 484	409 239
Current portion of derivative financial instruments		4 378	1 400	4 378	1 400
Total liabilities		11 614 709	10 840 338	11 537 028	10 751 621
NET ASSETS					
Total net assets		12 730 217	9 595 964	12 492 397	9 356 210
Housing development fund	19	510 851	490 354	510 851	490 354
Reserves	20.1	1 776 549	1 569 997	1 776 549	1 569 576
Capital replacement reserve		1 042 091	908 673	1 042 091	908 673
Self-insurance reserve		734 458	660 903	734 458	660 903
Fair value reserve		–	421	–	–
Accumulated surplus	21	10 315 745	7 412 407	10 204 997	7 296 280
Minority interest	20.2	127 072	123 206	–	–
Total net assets and liabilities		24 344 926	20 436 302	24 029 425	20 107 831

	Note	Economic Entity		Municipality of Cape Town	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
REVENUE					
Property rates	22	3 237 649	3 256 512	3 240 604	3 258 741
Service charges	23	7 057 419	5 951 184	6 943 215	5 813 617
Rental of letting stock and facilities	24	219 609	212 342	219 609	214 370
Finance income	25	666 643	544 400	656 733	535 703
Fines		183 283	158 469	183 283	158 469
Licences and permits		31 337	31 037	31 337	31 037
Income from agency services		109 222	112 654	109 222	112 654
Government grants and subsidies: operating	26	2 273 951	1 720 913	2 273 951	1 717 988
Government grants and subsidies: capital	26	2 900 886	1 275 656	2 900 886	1 275 656
Other income	27	202 446	307 489	195 685	293 551
Donated property, plant and equipment	28	69 424	55 892	69 424	55 892
Gains on disposal of assets		183 531	47 948	183 491	47 870
Total revenue		17 135 400	13 674 496	17 007 440	13 515 548
EXPENDITURE					
Employee-related costs	29	4 570 882	4 071 883	4 537 568	4 042 510
Remuneration of councillors	30	77 709	71 569	77 629	70 935
Impairment costs	31	903 177	725 956	902 900	743 652
Collection costs		159 579	143 935	159 579	143 935
Depreciation and amortisation expenses	32	752 606	791 970	733 726	774 709
Repairs and maintenance	33	915 611	792 623	908 297	785 254
Finance costs	34	407 938	293 864	406 570	292 765
Bulk purchases	35	2 880 965	2 141 514	2 880 965	2 141 514
Contracted services		729 674	649 396	674 675	596 506
Grants and subsidies paid	36	125 144	82 249	125 142	81 919
General expenses	37	2 454 694	2 408 648	2 460 710	2 382 694
Loss on disposal of assets		17 680	1 622	3 492	1 613
Total expenditure		13 995 659	12 175 229	13 871 253	12 058 006
Surplus		3 139 741	1 499 267	3 136 187	1 457 542
Surplus from operations		3 139 741	1 495 220	3 136 187	1 457 542
Surplus/(Deficit) from discontinued operations		–	4 047	–	–
Cape Town Community Housing Company		–	4 036	–	–
Philippi East Trading Centre Pty (Ltd)		–	11	–	–
Taxation	38	(5 067)	(7 126)	–	–
Surplus after taxation		3 134 674	1 492 141	3 136 187	1 457 542
Attributable to net assets holder of the controlling entity		3 130 125	1 475 947		
Attributable to minority interest	20.2	4 549	16 194		
Surplus for the year		3 134 674	1 492 141		

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

Economic Entity	Fair value reserve R'000	Minority interest R'000	Housing development fund R'000	Capital replacement reserve R'000	Self-insurance reserve R'000	Accumulated surplus R'000	Total R'000
2008							
Balance as at 30 June 2007	1 386	93 051	532 225	807 493	549 935	1 307 839	3 291 929
Correction of prior year adjustment						4 787 179	4 787 179
Correction of prior year error – Road Bypass CID						472	472
Correction of prior year error – KCT						(212)	(212)
CTICC restatement in terms of GRAP 17						28 023	28 023
Transfer to minority in terms of GRAP 17 restatement		13 961				(13 961)	
Restated balance as at 1 July 2007	1 386	107 012	532 225	807 493	549 935	6 109 340	8 107 391
Restated surplus for the year		16 194				1 475 947	1 492 141
Surplus as at 30 June 2007 – previously reported						484 247	
Restatement of CTICC excluding minority interest						1 120	
Government grants recognised as revenue						1 278 581	
Reversal of deferred income recognised as revenue						(324 261)	
Correction of prior year error						(174 711)	
Correction of prior year error – Road Bypass CID						9 372	
Correction of prior year adjustment						202 472	
Correction of prior year error – KCT						(873)	
Correction of prior year deferred income						(5 063)	(5 063)
Transfer from fair value reserve – CTCHC	(965)						(965)
Transfer to/(from)			(15 901)	651 761	110 968	(744 368)	2 460
Property, plant and equipment purchased			(25 970)	(550 581)		576 551	
Balance as at 30 June 2008	421	123 206	490 354	908 673	660 903	7 412 407	9 595 964
2009							
Surplus as at 30 June 2009		4 549				3 130 125	3 134 674
Correction of minority interest – share buy-back		(683)				683	
Transfer from fair value reserve – CTCHC	(421)						(421)
Transfer to			51 556	554 189	73 555	(679 300)	
Property, plant and equipment purchased			(31 059)	(420 771)		451 830	
Balance as at 30 June 2009	–	127 072	510 851	1 042 091	734 458	10 315 745	12 730 217

Municipality of Cape Town	Housing develop- ment fund R'000	Capital replace- ment reserve R'000	Self- insurance reserve R'000	Accumu- lated surplus R'000	Total R'000
2008					
Balance as at 30 June 2007	532 225	807 493	549 935	1 224 439	3 114 092
Correction of prior year adjustment				4 786 423	4 786 423
Restated balance as at 1 July 2007	532 225	807 493	549 935	6 010 862	7 900 515
Restated surplus for the year				1 457 542	1 457 542
Surplus as at 30 June 2008 – previously reported				478 386	
Government grants recognised as revenue				1 275 656	
Reversal of deferred income recognised as revenue				(324 261)	
Correction of prior year error				(174 711)	
Correction of prior year adjustment				202 472	
Correction of prior year deferred income				(4 307)	(4 307)
Transfer to/(from)	(15 901)	651 761	110 968	(744 368)	2 460
Property, plant and equipment purchased	(25 970)	(550 581)		576 551	
Balance as at 30 June 2008 – refer to note 46	490 354	908 673	660 903	7 296 280	9 356 210
2009					
Surplus as at 30 June 2009				3 136 187	3 136 187
Transfer to	51 556	554 189	73 555	(679 300)	
Property, plant and equipment purchased	(31 059)	(420 771)		451 830	
Balance as at 30 June 2009	510 851	1 042 091	734 458	10 204 997	12 492 397

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Note	Economic Entity		Municipality of Cape Town	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
CASH FLOW FROM OPERATING ACTIVITIES					
Cash receipts from ratepayers, government and other		15 245 602	13 447 762	15 237 601	13 533 514
Cash paid to suppliers and employees		(12 023 636)	(9 896 290)	(11 955 348)	(10 030 976)
Cash generated from operations	39	3 221 966	3 551 472	3 282 253	3 502 538
Finance income		520 682	334 970	404 132	261 317
Finance costs		(406 779)	(331 584)	(384 107)	(271 461)
Taxation		(4 434)	6 324	–	–
NET CASH FROM OPERATING ACTIVITIES		3 331 435	3 561 182	3 302 278	3 492 394
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment (PPE) and other assets		(5 086 853)	(3 154 484)	(5 060 341)	(3 119 746)
Proceeds on disposal of PPE and other assets		173 551	27 327	187 505	59 981
Decrease in assets held-for-sale		242	738	242	738
Decreases in non-current receivables		60 900	79 363	35 707	84 041
(Increase)/Decrease in investments		2 179 402	(1 027 192)	2 179 402	(1 027 192)
NET CASH FROM INVESTING ACTIVITIES		(2 672 758)	(4 074 248)	(2 657 485)	(4 002 178)
CASH FLOWS FROM FINANCING ACTIVITIES					
New loans raised and interest capitalised		1 252 228	1 453 071	1 240 230	1 432 651
Loans repaid		(429 897)	(226 544)	(409 834)	(224 538)
Increase/(Decrease) in consumer deposits		8 390	23 924	(2 065)	23 142
NET CASH FROM FINANCING ACTIVITIES		830 721	1 250 451	828 331	1 231 255
NET INCREASE IN CASH AND CASH EQUIVALENTS	40	1 489 398	737 385	1 473 124	721 471
Cash and cash equivalents at the beginning of the year		1 268 546	531 161	1 158 827	437 356
Cash and cash equivalents at the end of the year		2 757 944	1 268 546	2 631 951	1 158 827

1 STATEMENT OF ACCOUNTING POLICIES

The following are the principal accounting policies of the Economic Entity (hereinafter 'the Entity') which are, in all material respects, consistent with those applied in the previous year except as stated in note 46. The historical cost convention has been used, except where indicated otherwise. Management has used assessments and estimates in preparing the annual financial statements – these are based on the best information available at the time of preparation.

The financial statements have been prepared on a going concern basis.

1.1 Adoption of new and revised standards

In the current year, the Entity has adopted all new and revised standards and interpretations issued by the Accounting Standards Board that are relevant to its operations and effective. The adoption of these new and revised standards and interpretations has resulted in changes to the accounting policies.

A number of new standards are not yet effective for the year ended 30 June 2009, and are presented below:

- GRAP 18 – Segment reporting
- GRAP 21 – Impairment of non-cash generating assets
- GRAP 23 – Revenue from non-exchange transactions
- GRAP 24 – Presentation of budget information in financial statements
- GRAP 26 – Impairment of cash generating assets
- GRAP 103 – Heritage assets

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been set. Preliminary investigations indicated that the impact of the standards on the financial statements will be minimal except for additional disclosures.

1.2 Basis of presentation

The financial statements have been prepared in accordance with the standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective.

During the year under review, the ASB issued a directive which replaced a government gazette with the result that the GRAP Reporting Framework hierarchy as set out in the standard of GRAP 3 on Accounting Policies, *Changes in Accounting Estimates and Errors* now becomes the effective determination.

Where a Standard of GRAP is approved as effective, it replaces the equivalent Statement of IPSAS, IFRS or SA GAAP. Where a standard of GRAP has been issued, but not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, *Changes in Accounting Estimates and Errors*.

In the process of applying the Entity's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

- **Operating lease commitments – Entity as lessor**

The Entity has entered into commercial property leases on its investment property portfolio. The Entity has determined that it retains all the significant risks and rewards of ownership of these properties, and so accounts for them as operating leases.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of trade receivables**

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

- **Property, plant and equipment**

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

• **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, and when measuring contingent liabilities, as set out in notes 13 and 48.2 respectively. Provisions are discounted where the effect of discounting is material using actuarial valuations.

• **Held-to-maturity financial assets**

Management has reviewed the held-to-maturity financial assets in the light of its capital management and liquidity requirements, and has confirmed the positive intention and ability to hold those assets to maturity.

1.2.1 Consolidation

The Entity's financial statements incorporate the financial statements of the parent entity, City of Cape Town, and all its subsidiaries and joint ventures, presented as a single economic entity and consolidated at the same reporting date as the parent entity.

1.2.1.1 Subsidiaries

Subsidiaries are all controlled entities over which the entity has ownership, control or effective control to govern the financial and operating policies of such controlled entity so as to benefit from its activities. Controlled entities are fully consolidated from the date on which control is transferred to the entity, and are carried at cost.

1.2.1.2 Joint ventures

A joint venture is a contractual arrangement whereby the Entity and other parties undertake an economic activity that is subject to joint control.

The Entity reports its interest in jointly controlled entities using the proportionate consolidations method of accounting. The Entity's share the assets, liabilities, income and expenses, and cash flows of jointly controlled entities are combined with the equivalent items in the Entity's financial statements on a line-by-line basis.

1.2.2 Departure from accounting framework

In accordance with the Accounting Framework the consolidated financial statements presented do not include the financial results of the Khayelitsha Community Trust and its related entities. There is an outstanding issue regarding the status of Khayelitsha Community Trust and its entities which will impact whether it should be consolidated or not. As a result of this National Treasury provided a ruling that the City can continue the compilation of the financial statements on the basis of the City's interpretation of the standards until the matter has been resolved.

National Treasury has made a commitment to resolve the matter before the end of the next financial year.

Details of the financial results from draft financial statements for the Trust for the period ended 30 June 2009 are summarised below:

Entity	Khayelitsha Community Trust R'000	KBD Management (estimated) R'000	KBD Retail Property R'000	KBD Housing (estimated) R'000
Total assets	11 731	402	94 056	0,3
Total liabilities	8 636	831	105 581	49,4
Total revenue	7 761	146	20 780	–
Total expenditure	6 032	208	24 573	42,4

1.3 Housing funds

The Housing Development Fund was established in terms of the Housing Act (Act No. 107 of 1997).

1.3.1 Housing development fund

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Act also requires in terms of Section 14(4)(d)(ii)(aa), read with, inter alia, Section 16(2), that the net proceeds of any letting, sale or alienation of property, previously financed from government housing funds, be paid into a separate operating account, and be utilised by the Entity for housing development in accordance with the National Housing Policy.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash backed, and invested in accordance with the investment policy of the Entity.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Housing.

- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

1.3.2 Unrealised housing proceeds

In order to comply with Section 14(4)(d)(i) and (ii) of the Housing Act, (Act No. 107 of 1997) where all net proceeds need to be paid into the Housing Development Fund, it was necessary to create a holding account which represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

1.4 Reserves

The Entity creates and maintains reserves in terms of specific requirements.

1.4.1 Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the investment policy of the Entity.
- The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in the Statement of Financial Performance, and is then transferred via the Statement of Changes in Net Assets to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR, as it is regarded as revenue.

1.4.2 Insurance reserve

A general insurance reserve has been established and, subject to reinsurance where deemed necessary, it covers claims that may occur. Premiums are charged to the respective services, taking into account claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the Statement of Financial Performance. The net surplus or deficit on the insurance operating account is transferred to or from the Insurance Reserve via the Statement of Changes in Net Assets.

The balance of the self-insurance reserve is invested in short-term cash investments. Interest earned on the insurance reserve is recorded as interest earned in the Statement of Financial Performance, and is transferred to the insurance reserve via the Statement of Changes in Net Assets as a contribution.

An actuarial valuation is obtained each year to assess the adequacy of the insurance reserve at year-end. The latest calculation performed indicated that the insurance reserve is adequately funded.

1.4.3 Compensation for Occupational Injuries and Diseases Reserve (COID)

The Entity has been exempted from making contributions to the Compensation Commissioner for Occupational Injuries and Diseases in terms of Section 84 of the COID Act.

The certificate of exemption issued by the Commissioner, and as prescribed by the Compensation for Occupational Injuries and Diseases Act (Act No. 130 of 1993), requires that the Entity deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the Entity as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the Entity is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds out of the reserve to the expense account in the Statement of Financial Performance.

1.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, or at fair value where assets have been acquired by grant or donation.

Heritage assets, which are culturally significant resources and are shown at cost, are not depreciated, owing to the uncertainty regarding their estimated useful lives. Land is also not depreciated, as it is deemed to have an indefinite life.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The Entity maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

The gain or loss arising from the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value, and is recognised in the Statement of Financial Performance.

1.5.1 Depreciation rates

Depreciation is calculated on cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if not insignificant, are reassessed annually. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		Other	
Roads and paving	10 – 50	Buildings	20 – 50
Electricity	20 – 30	Specialist vehicles	10 – 20
Water	15 – 30	Other vehicles	4 – 8
Sewerage	15 – 20	Office equipment	2 – 5
Housing	30	Furniture and fittings	6 – 10
		Watercraft	10
Community		Bins and containers	5
Recreational facilities	20 – 30	Plant and equipment	5 – 10
Security	5 – 10	Landfill sites	30

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its intended use. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or, where appropriate, the term of the relevant lease.

1.5.2 Impairment of property, plant and equipment

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.6 Investment properties

Investment properties are held to earn rental income, and for capital appreciation, and are stated at cost less accumulated depreciation. Investment properties are written down for impairment where considered necessary. Investment property excludes owner-occupied property that is used in the production or supply of goods or services, or for administrative purposes, or property held to provide a social service.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets estimated at 20 to 30 years.

1.7 Intangible assets

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.

The Entity recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the Entity, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Direct computer software development costs recognised as assets are amortised on the straight-line basis over the useful lives of the assets estimated at three to five years.

1.8 Non-current assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition applies only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. Assets classified as held-for-sale are measured at the lower of the asset's carrying amount or fair value less cost to sell.

1.9 Financial instruments

Financial instruments are recognised when the Entity becomes a party to the contractual provisions of the instrument, and are initially measured at fair value plus, in the case of a financial asset or liability not at fair value through the Statement of Financial Performance, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The subsequent measurement of financial instruments is dealt with as follows:

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Entity has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or expires.

1.9.1 Financial assets

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.
- An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

1.9.2 Financial liabilities

The Entity measures all financial liabilities, including trade and other payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and trade and other payables (excluding provisions). Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

1.9.3 Trade payables and other

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.9.4 Trade and other receivables

Trade and other receivables are recognised initially at fair value, which approximates amortised cost, less provision for impairment. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off in the year in which they are identified as irrecoverable, subject to the approval of the necessary delegated authority. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the Entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

1.10 Inventories

Inventories consist of raw materials, work in progress, consumables and finished goods, which are valued at the lower of cost, determined on the weighted average basis, and net realisable value, except for plants and compost, which are valued at the tariffs charged. Where it is held for distribution or consumption at no charge or for a nominal amount, inventories are valued at the lower of cost and current replacement value.

Cost of inventories comprises all costs of purchase, cost of conversion, and other costs incurred in bringing the inventories to their present location and condition.

Redundant and slow moving inventories are identified and written down to their estimated net realisable values. Consumables are written down according to their age, condition and utility.

1.11 Revenue recognition

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National and Provincial Government, service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the Entity and these benefits can be measured reliably. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

1.11.1 Revenue from exchange transactions

1.11.1.1 Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

1.11.1.2 Service charges relating to electricity and water are based on consumption. Meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every alternative month on the basis of consumption history. Such estimated consumption is recognised as income when invoiced and adjusted every following month that the meter is read. An accrual on the basis of a determined consumption factor is made for consumption not measured as at the end of the financial year.

1.11.1.3 Services provided on a prepayment basis is recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

1.11.1.4 Income in respect of housing rental and instalment sale agreements is accrued monthly.

1.11.1.5 Interest earned on investments is recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the Housing Development Fund or the Insurance Reserve.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

1.11.1.6 Dividends are recognised when the Entity's right to receive payment is established.

1.11.1.7 Income for agency services is recognised on a monthly basis once the income collected on behalf of agents is earned. The income is recognised in terms of the agency agreement.

1.11.1.8 Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Entity has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The Entity retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.
- Prepaid electricity sold is only recognised as income once the related units are consumed.

1.11.2 Revenue from non-exchange transactions

1.11.2.1 Revenue from rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

1.11.2.2 Fines constitute both spot fines and summonses. Revenue from spot fines and summonses are recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

1.11.2.3 Donations are recognised on a cash receipt basis, or at fair value, or where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the Entity.

1.11.2.4 Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003), and is recognised when the recovery thereof from the responsible councillors or officials is probable.

1.12 Offsetting

Financial assets and liabilities are off-set and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.13 Conditional grants and receipts

Income received from conditional grants, donations and subsidies is recognised to the extent that the Entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised.

Interest earned on the investment is treated in accordance with grant conditions.

1.13.1 Grants and receipts of a revenue nature

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

1.13.2 Grants and receipts of a capital nature

Income is transferred to the Statement of Financial Performance to the extent that the criteria, conditions or obligations have been met.

1.14 Provisions

A provision is recognised when the Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost.

1.15 Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

1.16 Cash and cash equivalents

Cash includes cash on hand, cash with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the Cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.17 Employee benefits

1.17.1 Retirement benefit plans

The Entity provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable.

Defined benefit plans are post-employment benefit plans other than defined contribution plans. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable.

1.17.2 Post-retirement pension funds

Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the liabilities.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the 'corridor method'. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

1.17.3 Medical aid: continued members

The Entity provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the Entity is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the Entity for the remaining 70%. Under an accrued rights position agreed to by Council, the age of internally appointed staff under the Entity's new conditions of service determines, on a sliding-scale basis, the post-retirement subsidy for medical aid. External appointments do not qualify for a post-retirement medical aid subsidy.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution. In addition, the Entity will contribute annually for the next five years, with effect from 1 July 2003, towards funding the unrecognised transitional liability that was calculated by means of the projected unit credit actuarial valuation method.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the unrecognised actuarial gains and losses, and past service costs.

Actuarial gains or losses are accounted for using the 'corridor method'. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10% of the present value of the gross defined benefit obligations in the scheme. Actuarial gains and losses exceeding 10% are spread over the expected average remaining working lives of the employees participating in the scheme. Actuarial valuations are performed annually.

1.17.4 Short-term and long-term employee benefits

The cost of all short-term employee benefits, such as leave pay, is recognised during the period in which the employee renders the related service. The Entity recognises the expected cost of performance bonuses only when the Entity has a present legal or constructive obligation to make such payment, and a reliable estimate can be made.

The Entity provides long-term incentives to eligible employees, payable on completion of years of employment. The Entity's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the Statement of Financial Performance.

1.18 Leases

1.18.1 The Entity as lessee

1.18.1.1 Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Entity.

Assets subject to finance lease agreements are capitalised at their cash cost equivalent, and the corresponding liabilities are raised. The cost of the assets is depreciated at appropriate rates on the straight-line basis over the estimated useful lives of the assets. Lease payments are allocated between the lease finance cost and the capital repayment, using the effective interest rate method. Lease finance costs are expensed when incurred.

1.18.1.2 Operating leases are those leases that do not fall within the scope of the above definition. Payments made under operating leases are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease.

1.18.2 The Entity as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.19 Grants-in-aid

The Entity transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the Entity does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

1.20 Value-added tax

The Entity accounts for value-added tax on the payment basis.

1.21 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.24 Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transaction. Trade creditors denominated in foreign currency are reported at balance sheet date by applying the exchange rate at that date. Exchange differences arising from the settlement of creditors, or on reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or as expenses in the period in which they arise.

1.25 Borrowing costs

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed, and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the Statement of Financial Performance.

1.26 Comparative information

Comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results, as set out in the affected notes to the financial statements.

2 PROPERTY, PLANT AND EQUIPMENT

	Economic Entity						
	Opening balance R'000	Transfers/ adjust- ments R'000	Additions R'000	Disposals R'000	Deprecia- tion R'000	Impair- ment R'000	Carrying value R'000
As at 30 June 2009							
Land and buildings	1 585 343	107 377	303 365	(370)	(90 146)	(136 022)	1 769 547
Infrastructure	6 535 085	(17 122)	2 240 283	–	(317 273)	–	8 440 973
Community	1 954 680	(47 353)	1 885 368	–	(14 544)	–	3 778 151
Heritage	9 145	(394)	704	(15)	–	–	9 440
Leased assets	161 453	(745)	–	–	(27 004)	–	133 704
Other	1 448 625	(46 737)	619 006	(6 950)	(253 897)	(261)	1 759 786
Housing rental developments	657 334	1 151	9 660	(687)	(26 318)	–	641 140
Total	12 351 665	(3 823)	5 058 386	(8 022)	(729 182)	(136 283)	16 532 741
As at 30 June 2008							
Land and buildings	1 572 212	57 951	81 111	(38)	(109 589)	(16 304)	1 585 343
Infrastructure	5 676 625	(23 027)	1 272 176	–	(390 689)	–	6 535 085
Community	794 877	(24 981)	1 198 624	(171)	(13 669)	–	1 954 680
Heritage	6 646	60	2 452	(13)	–	–	9 145
Leased assets	188 507	(3)	–	–	(27 051)	–	161 453
Other	1 167 027	(91 416)	567 426	(5 391)	(189 021)	–	1 448 625
Housing rental developments	565 988	73 960	31 373	(797)	(11 907)	(1 283)	657 334
Total	9 971 882	(7 456)	3 153 162	(6 410)	(741 926)	(17 587)	12 351 665
	Municipality of Cape Town						
	Opening balance R'000	Transfers/ adjust- ments R'000	Additions R'000	Disposals R'000	Deprecia- tion R'000	Impair- ment R'000	Carrying value R'000
As at 30 June 2009							
Land and buildings	1 419 737	107 377	299 705	(370)	(78 339)	(136 022)	1 612 088
Infrastructure	6 525 241	(17 122)	2 228 295	–	(317 273)	–	8 419 141
Community	1 954 680	(47 353)	1 885 368	–	(14 544)	–	3 778 151
Heritage	9 145	(394)	704	(15)	–	–	9 440
Leased assets	161 453	(745)	–	–	(27 004)	–	133 704
Other	1 415 407	(46 737)	608 142	(6 770)	(246 824)	(261)	1 722 957
Housing rental developments	657 334	1 151	9 660	(687)	(26 318)	–	641 140
Total	12 142 997	(3 823)	5 031 874	(7 842)	(710 302)	(136 283)	16 316 621
As at 30 June 2008							
Land and buildings	1 420 434	50 241	73 309	(38)	(90 483)	(33 726)	1 419 737
Infrastructure	5 676 153	(23 027)	1 262 804	–	(390 689)	–	6 525 241
Community	794 877	(24 981)	1 198 624	(171)	(13 669)	–	1 954 680
Heritage	6 646	60	2 452	(13)	–	–	9 145
Leased assets	188 507	(3)	–	–	(27 051)	–	161 453
Other	1 137 858	(83 705)	549 867	(5 285)	(183 328)	–	1 415 407
Housing rental developments	565 988	73 960	31 373	(797)	(11 907)	(1 283)	657 334
Total	9 790 463	(7 455)	3 118 429	(6 304)	(717 127)	(35 009)	12 142 997

The leased property, plant and equipment are encumbered as set out in note 12. Provision has been made for the estimated costs of rehabilitation of waste sites, included in other assets, as described in note 13.

The Entity is required to measure the residual value of an item of property, plant and equipment. Management has determined that all of its infrastructural assets have no active market value and the value of the amount at the end of its useful life would therefore be nil or insignificant. During the current financial year, the Entity reviewed the estimated useful lives and residual values of property, plant and equipment where appropriate.

Fully depreciated assets at an original cost of R1,54 billion are currently still in use.

3 INVESTMENT PROPERTY

	Economic Entity				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
As at 30 June 2009					
Vacant land	38 409	(43)	–	–	38 366
Land and buildings	56 667	148	806	(4 441)	53 180
Total	95 076	105	806	(4 441)	91 546
As at 30 June 2008					
Vacant land	38 388	21	–	–	38 409
Land and buildings	61 080	1	–	(4 414)	56 667
Total	99 468	22	–	(4 414)	95 076

	Municipality of Cape Town				
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Depreciation R'000	Carrying value R'000
As at 30 June 2009					
Vacant land	38 409	(43)	–	–	38 366
Land and buildings	56 667	148	806	(4 441)	53 180
Total	95 076	105	806	(4 441)	91 546
As at 30 June 2008					
Vacant land	38 388	21	–	–	38 409
Land and buildings	61 080	1	–	(4 414)	56 667
Total	99 468	22	–	(4 414)	95 076

Rental income has been received on various properties during the year. Fair value is determined from property sales statistics, and is the basis for property valuations for rating purposes.

Property valuations are conducted by mandated professionally qualified valuers. These valuations were used as basis for disclosure. The fair value of the investment properties amounts to R414,00 million (2008: R321,27 million)

4 INTANGIBLE ASSETS

	Economic Entity					Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Amortisation R'000	
As at 30 June 2009						
Computer software (acquired separately)	20 103	4 060	27 661	(20)	(18 983)	32 821
As at 30 June 2008						
Computer software (acquired separately)	71 954	–	1 322	–	(53 173)	20 103
	Municipality of Cape Town					Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Amortisation R'000	
As at 30 June 2009						
Computer software (acquired separately)	20 083	4 060	27 661	–	(18 983)	32 821
As at 30 June 2008						
Computer software (acquired separately)	71 920	–	1 317	–	(53 154)	20 083

The capitalised computer software was estimated to have a finite life of five years at acquisition. The software is amortised using the straight-line method over a period of five years.

5 ASSETS HELD-FOR-SALE

	Economic Entity			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Depreciation R'000	
As at 30 June 2009				
Land held for sale	242	(242)	–	–
As at 30 June 2008				
Land held for sale	385	(129)	(14)	242
	Municipality of Cape Town			Carrying value R'000
	Opening balance R'000	Transfers/ adjustments R'000	Depreciation R'000	
As at 30 June 2009				
Land held for sale	242	(242)	–	–
As at 30 June 2008				
Land held for sale	385	(129)	(14)	242

Various properties have been presented as held-for-sale following a council decision to dispose of properties no longer required for municipal purposes. These properties are identified for sale as and when the need arises. These transactions are expected to yield income of approximately R141,00 million and should be concluded by 2012.

6 INVESTMENTS

6.1 Held-to-maturity

6.1.1 Listed

RSA Government stock at amortised cost

Total listed investments

6.1.2 Unlisted

Sinking fund deposits – refer to note 41

Other fixed deposits

Provision for impairment

Total unlisted investments

Total

Current portion included in short-term investments

Current portion included in cash and cash equivalents
– refer to note 11

Total held-to-maturity

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
	37 374	31 650	37 374	31 650
	37 374	31 650	37 374	31 650
	416 537	514 549	416 537	514 549
	3 479 566	4 090 831	3 383 974	4 012 089
	(9 616)	(14 800)	(9 616)	(14 800)
	3 886 487	4 590 580	3 790 895	4 511 838
	3 923 861	4 622 230	3 828 269	4 543 488
	(1 196 576)	(3 221 903)	(1 196 576)	(3 221 903)
	(2 529 910)	(1 048 877)	(2 434 318)	(970 135)
	197 375	351 450	197 375	351 450

Collateral deposits for staff housing loans

Included in other fixed deposits (unlisted investments) above are fixed deposits with a carrying value of R0,47 million (2008: R0,69 million) which were pledged as security deposits for securing staff home loans with financial institutions.

These pledges are repaid as soon as the employees' outstanding home loan balance is below 80% of the approved loan amount. The Entity has not issued fixed deposits as security since the year 2000. The Entity's exposure to risk is minimised by an assurance policy taken out by the employee and ceded to the Entity to cover the guaranteed deposit.

6.2 Available-for-sale

6.2.1 Unlisted

Investment in municipal entities at cost:

Cape Town International Convention Centre (Pty) Ltd

Provision for impairment

Other unlisted investment

Cape Town Community Housing Company (Pty) Ltd

Original investment at cost

Amounts previously written off

Provision for impairment

Carrying value

Total available-for-sale

Total

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
	–	–	284 000	284 000
	–	–	(245 232)	(245 232)
	–	–	38 768	38 768
	–	–	2 500	26 289
	–	–	–	(10 000)
	–	–	(2 500)	(16 289)
	–	–	–	–
	–	–	38 768	38 768
	197 375	351 450	236 143	390 218

7 LONG-TERM RECEIVABLES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Loans to employees	2 261	3 719	2 261	3 719
Sporting bodies	1 672	1 928	1 672	1 928
Housing land sales	6 320	–	6 320	–
	27 433	29 268	27 433	29 268
Public organisations	31 652	33 100	31 652	33 100
Provision for impairment	(4 219)	(3 832)	(4 219)	(3 832)
	141 524	205 181	141 524	179 988
Housing selling developments	242 626	298 392	242 626	264 688
Provision for impairment	(101 102)	(93 211)	(101 102)	(84 700)
Other	–	14	–	14
	179 210	240 110	179 210	214 917
Current portion transferred to current receivables	(21 517)	(23 838)	(21 517)	(16 949)
Total	157 693	216 272	157 693	197 968
Reconciliation of impairment provision				
Balance at the beginning of the year	88 532	41 876	88 532	41 876
Transfer to provisions	16 789	46 656	16 789	46 656
Balance as at 30 June	105 321	88 532	105 321	88 532

Loans to employees

Staff are entitled to various loans, e.g. car and computer loans which attract interest at 8% to 17% per annum and which are repayable over a maximum period of six years. These loans were granted before the implementation of the MFMA and the last of the loans are repayable by 2010.

Sporting bodies

To facilitate the development of sporting facilities loans were made to provide the necessary financial assistance. These loans attract interest at a rate of 4% to 19% per annum and are repayable over a maximum period of 20 years.

Public organisations

Loans to public organisations are granted in terms of the National Housing Policy. The applicable interest rate and loan repayment periods are determined by the National Minister of Housing. At present these loans attract interest at 1% (buildings) and 11,25% (infrastructure) and are repayable over 30 years.

Housing selling development loans

Housing loans are granted to qualifying individuals in terms of the National Housing Policy. These loans attract interest at a rate determined by the National Minister of Housing, currently 13,5% per annum and are repayable over 20 years. The interest rate is determined as per Council resolution.

Other – road widening

A loan was made to a ratepayer for the amount due by him in respect of the construction of a road. This loan attracts interest at a rate of 15% per annum and is repayable over a maximum period of 10 years.

8 INVENTORY

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Consumable stores	160 688	176 779	159 628	175 683
Medical supplies	1 014	1 210	1 014	1 210
Spare parts and meters	15 749	15 543	15 749	15 543
Water	5 780	5 802	5 780	5 802
Housing projects in progress	–	10 575	–	–
Other goods held for resale	11 180	17 781	11 180	17 781
Green electricity rights	–	321	–	321
Total	194 411	228 011	193 351	216 340

Inventory to the value of R0,61 million (2008: R1,62 million) was written off during the year – refer to note 37. Inventories (excluding bulk water) which were recognised as expenses during the year amounted to R569,8 million of which a portion was capitalised. Green electricity rights are rights to sell green units at a tariff to consumers upon their request. Due to the absence of an active market the value was written off.

9 TRADE RECEIVABLES

	Economic Entity					
	As at 30 June 2009			As at 30 June 2008		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
Service debtors	5 070 850	(2 410 796)	2 660 054	4 182 542	(1 981 392)	2 201 150
Rates and other	1 526 788	(586 018)	940 770	1 228 355	(566 752)	661 603
Trade:						
Electricity	662 967	(120 345)	542 622	533 167	(102 159)	431 008
Water	1 835 158	(1 157 889)	677 269	1 548 416	(889 157)	659 259
Waste management	305 169	(166 135)	139 034	258 363	(137 495)	120 868
Wastewater management	740 768	(380 409)	360 359	614 241	(285 829)	328 412
Housing rental developments	365 716	(326 272)	39 444	310 377	(270 181)	40 196
Housing selling developments	386 232	(342 494)	43 738	369 129	(318 952)	50 177
Total	5 822 798	(3 079 562)	2 743 236	4 862 048	(2 570 525)	2 291 523

Reconciliation of impairment provision

	2009 R'000	2008 R'000
Balance at the beginning of the year	2 570 525	2 330 459
Contributions to provisions	704 016	651 395
Transfers to/(from) provisions	(102 278)	31 328
Bad debts written off	(92 701)	(442 657)
Balance at 30 June	3 079 562	2 570 525

Consumer debtors to the net amount of R855,40 million (2008: R545,80 million) are only due after 30 days. Included in the outstanding balances are consumer debtors to the value of R391,61 million (2008: R698,10 million), who have made arrangements to repay their outstanding debt over a renegotiated period. At 30 June 2009, the Entity is owed R312,20 million by National and Provincial Government.

In determining the recoverability of a trade receivable the Entity considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

9 TRADE RECEIVABLES CONTINUED

	Economic Entity						
	Analysis of trade receivables' ageing in days						
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2009							
Rates and other	1 526 788	296 593	331 247	72 820	55 781	308 701	461 646
Provision for impairment	(586 018)	(34 682)	(38 657)	(8 498)	(6 510)	(36 025)	(461 646)
	940 770	261 911	292 590	64 322	49 271	272 676	–
Electricity	662 967	281 692	149 123	31 375	18 734	82 968	99 075
Provision for impairment	(120 345)	(10 632)	(5 622)	(1 182)	(706)	(3 128)	(99 075)
	542 622	271 060	143 501	30 193	18 028	79 840	–
Water	1 835 158	165 806	146 370	65 458	64 448	341 612	1 051 464
Provision for impairment	(1 157 889)	(22 516)	(19 877)	(8 889)	(8 752)	(46 391)	(1 051 464)
	677 269	143 290	126 493	56 569	55 696	295 221	–
Waste management	305 169	35 652	20 557	13 079	10 522	67 378	157 981
Provision for impairment	(166 135)	(1 975)	(1 138)	(725)	(583)	(3 733)	(157 981)
	139 034	33 677	19 419	12 354	9 939	63 645	–
Wastewater management	740 768	146 265	8 435	41 527	34 121	176 103	334 317
Provision for impairment	(380 409)	(16 586)	(957)	(4 709)	(3 870)	(19 970)	(334 317)
	360 359	129 679	7 478	36 818	30 251	156 133	–
Housing rental developments	365 716	19 135	11 081	5 658	8 647	88 465	232 730
Provision for impairment	(326 272)	(13 460)	(7 794)	(3 980)	(6 082)	(62 226)	(232 730)
	39 444	5 675	3 287	1 678	2 565	26 239	–
Housing selling developments	386 232	17 013	8 181	3 246	3 171	42 754	311 867
Provision for impairment	(342 494)	(6 905)	(3 403)	(1 352)	(1 320)	(17 647)	(311 867)
	43 738	10 108	4 778	1 894	1 851	25 107	–
Gross debtors	5 822 798	962 156	674 994	233 163	195 424	1 107 981	2 649 080
Total provision for impairment	(3 079 562)	(106 756)	(77 448)	(29 335)	(27 823)	(189 120)	(2 649 080)
Total	2 743 236	855 400	597 546	203 828	167 601	918 861	–

	Economic Entity						
	Analysis of trade receivables' ageing in days						
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2008							
Rates and other	1 228 355	73 303	125 949	46 430	48 553	492 928	441 192
Provision for impairment	(566 752)	(13 281)	(22 749)	(7 256)	(8 238)	(74 036)	(441 192)
	661 603	60 022	103 200	39 174	40 315	418 892	–
Electricity	533 167	237 891	70 507	22 265	22 122	78 258	102 124
Provision for impairment	(102 159)	(18)	(6)	(2)	(2)	(7)	(102 124)
	431 008	237 873	70 501	22 263	22 120	78 251	–
Water	1 548 416	136 967	113 174	52 157	60 395	348 324	837 399
Provision for impairment	(889 157)	(5 650)	(9 081)	(4 122)	(4 823)	(28 082)	(837 399)
	659 259	131 317	104 093	48 035	55 572	320 242	–
Waste management	258 363	20 805	19 646	9 889	10 106	60 422	137 495
Provision for impairment	(137 495)	–	–	–	–	–	(137 495)
	120 868	20 805	19 646	9 889	10 106	60 422	–
Wastewater management	614 241	76 124	62 099	29 670	31 176	168 285	246 887
Provision for impairment	(285 829)	(4 752)	(7 456)	(3 449)	(3 656)	(19 629)	(246 887)
	328 412	71 372	54 643	26 221	27 520	148 656	–
Housing rental developments	310 377	26 476	8 423	8 059	8 400	82 630	176 389
Provision for impairment	(270 181)	(18 534)	(5 896)	(5 641)	(5 880)	(57 841)	(176 389)
	40 196	7 942	2 527	2 418	2 520	24 789	–
Housing selling developments	369 129	24 179	3 111	3 302	3 123	40 042	295 372
Provision for impairment	(318 952)	(7 714)	(1 005)	(1 055)	(999)	(12 807)	(295 372)
	50 177	16 465	2 106	2 247	2 124	27 235	–
Gross debtors	4 862 048	595 745	402 909	171 772	183 875	1 270 889	2 236 858
Total provision for impairment	(2 570 525)	(49 949)	(46 193)	(21 525)	(23 598)	(192 402)	(2 236 858)
Total	2 291 523	545 796	356 716	150 247	160 277	1 078 487	–

9 TRADE RECEIVABLES CONTINUED

Municipality of Cape Town

	As at 30 June 2009			As at 30 June 2008		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
Service debtors	5 071 716	(2 410 796)	2 660 920	4 183 305	(1 981 392)	2 201 913
Rates and other	1 527 334	(586 018)	941 316	1 228 578	(566 752)	661 826
Trade:						
Electricity	663 287	(120 345)	542 942	533 547	(102 159)	431 388
Water	1 835 158	(1 157 889)	677 269	1 548 511	(889 157)	659 354
Waste management	305 169	(166 135)	139 034	258 363	(137 495)	120 868
Wastewater management	740 768	(380 409)	360 359	614 306	(285 829)	328 477
Housing rental developments	365 716	(326 272)	39 444	310 377	(270 181)	40 196
Housing selling developments	386 232	(342 494)	43 738	369 129	(318 952)	50 177
Total	5 823 664	(3 079 562)	2 744 102	4 862 811	(2 570 525)	2 292 286

	2009 R'000	2008 R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	2 570 525	2 330 459
Contributions to provisions	704 016	651 395
Transfers to/(from) provisions	(102 278)	31 328
Bad debts written off	(92 701)	(442 657)
Balance as at 30 June	3 079 562	2 570 525

Municipality of Cape Town							
Analysis of trade receivables' ageing in days							
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2009							
Rates and other	1 527 334	297 139	331 247	72 820	55 781	308 701	461 646
Provision for impairment	(586 018)	(34 682)	(38 657)	(8 498)	(6 510)	(36 025)	(461 646)
	941 316	262 457	292 590	64 322	49 271	272 676	–
Electricity	663 287	282 012	149 123	31 375	18 734	82 968	99 075
Provision for impairment	(120 345)	(10 632)	(5 622)	(1 182)	(706)	(3 128)	(99 075)
	542 942	271 380	143 501	30 193	18 028	79 840	–
Water	1 835 158	165 806	146 370	65 458	64 448	341 612	1 051 464
Provision for impairment	(1 157 889)	(22 516)	(19 877)	(8 889)	(8 752)	(46 391)	(1 051 464)
	677 269	143 290	126 493	56 569	55 696	295 221	–
Waste management	305 169	35 652	20 557	13 079	10 522	67 378	157 981
Provision for impairment	(166 135)	(1 975)	(1 138)	(725)	(583)	(3 733)	(157 981)
	139 034	33 677	19 419	12 354	9 939	63 645	–
Wastewater management	740 768	146 265	8 435	41 527	34 121	176 103	334 317
Provision for impairment	(380 409)	(16 586)	(957)	(4 709)	(3 870)	(19 970)	(334 317)
	360 359	129 679	7 478	36 818	30 251	156 133	–
Housing rental developments	365 716	19 135	11 081	5 658	8 647	88 465	232 730
Provision for impairment	(326 272)	(13 460)	(7 794)	(3 980)	(6 082)	(62 226)	(232 730)
	39 444	5 675	3 287	1 678	2 565	26 239	–
Housing selling developments	386 232	17 013	8 181	3 246	3 171	42 754	311 867
Provision for impairment	(342 494)	(6 905)	(3 403)	(1 352)	(1 320)	(17 647)	(311 867)
	43 738	10 108	4 778	1 894	1 851	25 107	–
Gross debtors	5 823 664	963 022	674 994	233 163	195 424	1 107 981	2 649 080
Total provision for impairment	(3 079 562)	(106 756)	(77 448)	(29 335)	(27 823)	(189 120)	(2 649 080)
Total	2 744 102	856 266	597 546	203 828	167 601	918 861	–

9 TRADE RECEIVABLES CONTINUED

Municipality of Cape Town							
Analysis of trade receivables' ageing in days							
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2008							
Rates and other	1 228 578	73 526	125 949	46 430	48 553	492 928	441 192
Provision for impairment	(566 752)	(13 281)	(22 749)	(7 256)	(8 238)	(74 036)	(441 192)
	661 826	60 245	103 200	39 174	40 315	418 892	–
Electricity	533 547	238 271	70 507	22 265	22 122	78 258	102 124
Provision for impairment	(102 159)	(18)	(6)	(2)	(2)	(7)	(102 124)
	431 388	238 253	70 501	22 263	22 120	78 251	–
Water	1 548 511	137 062	113 174	52 157	60 395	348 324	837 399
Provision for impairment	(889 157)	(5 650)	(9 081)	(4 122)	(4 823)	(28 082)	(837 399)
	659 354	131 412	104 093	48 035	55 572	320 242	–
Waste management	258 363	20 805	19 646	9 889	10 106	60 422	137 495
Provision for impairment	(137 495)	–	–	–	–	–	(137 495)
	120 868	20 805	19 646	9 889	10 106	60 422	–
Wastewater management	614 306	76 189	62 099	29 670	31 176	168 285	246 887
Provision for impairment	(285 829)	(4 752)	(7 456)	(3 449)	(3 656)	(19 629)	(246 887)
	328 477	71 437	54 643	26 221	27 520	148 656	–
Housing rental developments	310 377	26 476	8 423	8 059	8 400	82 630	176 389
Provision for impairment	(270 181)	(18 534)	(5 896)	(5 641)	(5 880)	(57 841)	(176 389)
	40 196	7 942	2 527	2 418	2 520	24 789	–
Housing selling developments	369 129	24 179	3 111	3 302	3 123	40 042	295 372
Provision for impairment	(318 952)	(7 714)	(1 005)	(1 055)	(999)	(12 807)	(295 372)
	50 177	16 465	2 106	2 247	2 124	27 235	–
Gross debtors	4 862 811	596 508	402 909	171 772	183 875	1 270 889	2 236 858
Total provision for impairment	(2 570 525)	(49 949)	(46 193)	(21 525)	(23 598)	(192 402)	(2 236 858)
Total	2 292 286	546 559	356 716	150 247	160 277	1 078 487	–

10 OTHER RECEIVABLES

	Economic Entity					
	As at 30 June 2009			As at 30 June 2008		
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
Payments made in advance	1 576	–	1 576	10 062	–	10 062
Government subsidies	158 821	–	158 821	31 864	–	31 864
Rates and other	237 386	(2 506)	234 880	314 055	(12 777)	301 278
Property rentals	45 777	(21 988)	23 789	34 012	(18 207)	15 805
Total	443 560	(24 494)	419 066	389 993	(30 984)	359 009

	2009 R'000	2008 R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	31 012	22 994
Additional provision	5 774	10 374
Bad debts written off	(12 292)	(2 384)
Balance at 30 June	24 494	30 984

Included in rates and general is an amount of R83,5 million (2008: R74,8 million) for VAT due by SARS.

In determining the recoverability of other receivables, the City of Cape Town considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date.

10 OTHER RECEIVABLES CONTINUED

		Economic Entity					
		Analysis of other receivables' ageing in days					
	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2009							
Payments made in advance	1 576	1 576	–	–	–	–	–
Government subsidies	158 821	–	136 162	7 248	7 217	8 194	–
	160 397	1 576	136 162	7 248	7 217	8 194	–
Rates and other	237 386	217 021	7 402	4 543	577	6 098	1 745
Provision for impairment	(2 506)	–	(58)	–	–	(703)	(1 745)
	234 880	217 021	7 344	4 543	577	5 395	–
Property rentals	45 777	4 356	13 797	309	2 060	6 271	18 984
Provision for impairment	(21 988)	(488)	(1 547)	(35)	(231)	(703)	(18 984)
	23 789	3 868	12 250	274	1 829	5 568	–
Gross debtors	443 560	222 953	157 361	12 100	9 854	20 563	20 729
Total provision for impairment	(24 494)	(488)	(1 605)	(35)	(231)	(1 406)	(20 729)
Total	419 066	222 465	155 756	12 065	9 623	19 157	–
As at 30 June 2008							
Payments made in advance	10 062	10 062	–	–	–	–	–
Government subsidies	31 864	–	25 358	2 785	3 721	–	–
	41 926	10 062	25 358	2 785	3 721	–	–
Rates and other	314 055	275 081	9 593	2 621	1 055	6 014	19 691
Provision for impairment	(12 777)	–	(58)	–	–	(426)	(12 293)
	301 278	275 081	9 535	2 621	1 055	5 588	7 398
Property rentals	34 012	1 273	(712)	230	(1 138)	16 152	18 207
Provision for impairment	(18 207)	–	–	–	–	–	(18 207)
	15 805	1 273	(712)	230	(1 138)	16 152	–
Gross debtors	389 993	286 416	34 239	5 636	3 638	22 166	37 898
Total provision for impairment	(30 984)	–	(58)	–	–	(426)	(30 500)
Total	359 009	286 416	34 181	5 636	3 638	21 740	7 398

		Municipality of Cape Town				
		As at 30 June 2009			As at 30 June 2008	
	Gross balance R'000	Provision for impairment R'000	Net balance R'000	Gross balance R'000	Provision for impairment R'000	Net balance R'000
Payments made in advance	1 096	–	1 096	9 848	–	9 848
Government subsidies	158 821	–	158 821	31 864	–	31 864
Rates and other	225 143	(1 745)	223 398	297 907	(12 293)	285 614
Property rentals	45 777	(21 988)	23 789	37 159	(18 207)	18 952
Total	430 837	(23 733)	407 104	376 778	(30 500)	346 278

	2009 R'000	2008 R'000
Reconciliation of impairment provision		
Balance at the beginning of the year	30 500	22 293
Additional provisions	5 525	10 591
Bad debts written off	(12 292)	(2 384)
Balance as at 30 June	23 733	30 500

Municipality of Cape Town

Analysis of other receivables' ageing in days

	Total R'000	Not due R'000	0 – 30 R'000	31 – 60 R'000	61 – 90 R'000	91 – 365 R'000	+365 R'000
As at 30 June 2009							
Payments made in advance	1 096	1 096	–	–	–	–	–
Government subsidies	158 821	–	136 162	7 248	7 217	8 194	–
	159 917	1 096	136 162	7 248	7 217	8 194	–
Rates and general	225 143	217 021	3 910	390	264	1 813	1 745
Provision for impairment	(1 745)	–	–	–	–	–	(1 745)
	223 398	217 021	3 910	390	264	1 813	–
Property rentals	45 777	4 356	13 797	309	2 060	6 271	18 984
Provision for impairment	(21 988)	(488)	(1 547)	(35)	(231)	(703)	(18 984)
	23 789	3 868	12 250	274	1 829	5 568	–
Gross debtors	430 837	222 473	153 869	7 947	9 541	16 278	20 729
Total provision for impairment	(23 733)	(488)	(1 547)	(35)	(231)	(703)	(20 729)
Total	407 104	221 985	152 322	7 912	9 310	15 575	–
As at 30 June 2008							
Payments made in advance	9 848	9 848	–	–	–	–	–
Government subsidies	31 864	–	25 358	2 785	3 721	–	–
	41 712	9 848	25 358	2 785	3 721	–	–
Rates and general	297 907	275 081	2 817	107	87	124	19 691
Provision for impairment	(12 293)	–	–	–	–	–	(12 293)
	285 614	275 081	2 817	107	87	124	7 398
Property rentals	37 159	4 420	(712)	230	(1 138)	16 152	18 207
Provision for impairment	(18 207)	–	–	–	–	–	(18 207)
	18 952	4 420	(712)	230	(1 138)	16 152	–
Gross debtors	376 778	289 349	27 463	3 122	2 670	16 276	37 898
Total provision for impairment	(30 500)	–	–	–	–	–	(30 500)
Total	346 278	289 349	27 463	3 122	2 670	16 276	7 398

11 CASH AND CASH EQUIVALENTS (BANK AND CASH)

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Bank balance	189 076	189 468	158 743	158 866
ABSA				
Primary bank account 40-5658-4470	158 727	158 849	158 727	158 849
Salary bank account 40-5658-4496	–	–	–	–
Cashier's bank account 40-5658-4527	–	–	–	–
General income bank account 40-5658-4569	–	–	–	–
FNB				
Traffic fines bank account 62073198816	16	17	16	17
Other				
Subsidiaries and joint venture	30 333	30 602	–	–
Cash on hand and in transit	38 958	30 201	38 890	29 826
Call and short-term deposits – refer to note 6	2 529 910	1 048 877	2 434 318	970 135
Total	2 757 944	1 268 546	2 631 951	1 158 827

Subsidiaries (controlled and municipal entities) and joint venture have separate bank accounts which are not listed separately. Cash and cash equivalents comprise cash held and short-term deposits. The carrying amount of these assets approximates their fair value.

12 LONG-TERM BORROWINGS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Local registered stock loans	2 208 602	1 009 264	2 208 602	1 009 264
Annuity loans	14 229	26 994	14 229	26 994
Other loans	1 927 891	2 280 083	1 907 654	2 251 781
Finance leases	156 962	169 012	156 962	169 012
Subtotal – refer to Appendix A for more detail	4 307 684	3 485 353	4 287 447	3 457 051
Current portion transferred to current liabilities	(476 219)	(410 139)	(475 484)	(409 239)
Total	3 831 465	3 075 214	3 811 963	3 047 812

The capitalised lease liabilities are secured by items of leased plant, to the carrying value of R133,71 million (2008: R161,45 million). An amount of R416,54 million (2008: R514,55 million) has been invested in specific ring-fenced deposit accounts for the repayment of long-term borrowings – refer to notes 6 and 41 for more detail.

Long-term borrowings are detailed as follows:

Local registered stock

2 208 602	1 009 264	2 208 602	1 009 264
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ABSA Investor Services

Unsecured bond paying fixed interest semi-annually, redeemable on 30 June 2010.

4 600	4 600	4 600	4 600
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Standard Bank Nominees

Secured bond paying fixed interest semi-annually. As security, a sinking fund was established which, together with interest capitalised, will be used to settle the original loan liability on 31 March 2014.

6 800	6 800	6 800	6 800
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Listed Bonds

Unsecured bonds totalling R2,20 billion listed on the Bond Exchange of South Africa. Interest is payable semi-annually while capital will be redeemed by way of a bullet repayment on the final redemption date. A process is under way to appoint a sinking fund administrator. Funds have been set aside for the repayment of the bond. These funds will be transferred into the sinking fund once the successful tenderer is appointed.

2 197 202	997 864	2 197 202	997 864
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Annuity loans

14 229	26 994	14 229	26 994
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ABSA Bank

Unsecured fixed interest loans repayable semi-annually in equal instalments of interest and capital, final redemption on 30 June 2010.

14 229	26 994	14 229	26 994
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Other loans

1 927 891	2 280 083	1 907 654	2 251 781
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DBSA Bank

Unsecured fixed interest loans, repayable semi-annually in equal instalments of capital with interest payable on the reducing balance. Various final redemptions.

967 778	1 067 671	967 778	1 067 671
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ABSA Bank

Structured unsecured loan of R50,00 million plus capitalised interest. Deposits are made semi-annually into two sinking funds with ABSA Bank which, together with fixed interest capitalised over ten years, will settle the loan liability on 30 June 2010.

264 243	223 148	264 243	223 148
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12 LONG-TERM BORROWINGS CONTINUED

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Future Syndications Structured R200 million ten-year loan funded by various financial institutions was repaid on 17 September 2008. Interest (fixed on R190 million, variable R10 million, in terms of interest rate swap agreements) was payable semi-annually. Deposits were made semi-annually into a sinking fund with ABSA Bank, which together with fixed interest capitalised was used to settle the loan capital liability on that date.	–	200 000	–	200 000
Nedcor Bank Unsecured fixed rate loan, interest payable annually and loan capital repayable on 31 August 2019.	50	50	50	50
FirstRand Bank Structured 15-year loans repayable annually in reducing instalments of capital and fixed-rate interest, now repaid. As part of the loan structure, the Entity lent funds to FirstRand Bank at a fixed rate of interest, repayable together with capitalised interest. In addition, the Entity issued a 15-year bond to FirstRand Bank, at the same fixed rate of interest as the Entity's loan to FirstRand Bank, redeemable together with compounded interest.	–	12 445	–	12 445
FirstRand Bank Structured R125,00 million 15-year loan repayable semi-annually in equal instalments of capital and fixed-rate interest. As part of the loan structure, the Entity sold movable assets with a market value of R125,00 million to FirstRand Bank. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable during the years 2009 – 2011. At the same time the Entity lent R125,00 million to FirstRand Bank, repayable together with interest on the same dates, and in the same amounts, as the rental payable by the Entity under the lease agreement. The Entity has ceded its rights under its loan to FirstRand Bank as security for its obligations to FirstRand Bank under the original loan and any other indebtedness.	36 889	51 318	36 889	51 318
FirstRand Bank Structured R220,00 million 15-year loan, R200,00 million of which is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R20,00 million payable in one instalment, together with fixed-rate interest, on 30 June 2017. The bullet repayment of the R20,00 million capital and interest will be made out of the guaranteed investment portfolios of two 15-year sinking fund investment policies purchased from Momentum Group. As part of the loan structure, the Entity purchased two 15-year sinking fund policies from Momentum Group for an upfront premium of R220,00 million. R20,00 million of the premium was invested in the guaranteed investment portfolio referred to above. The balance of the premium, R200,00 million, was invested in a linked investment (unguaranteed) portfolio. The maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for R200,00 million on day one of the policies. The Entity has ceded and pledged the sinking fund policies to FirstRand Bank as security.	194 484	200 300	194 484	200 300

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
FirstRand Bank Structured R150,00 million 15-year loan repayable semi-annually in equal instalments of capital and fixed interest. As part of the loan structure, the Entity leased movable electricity assets with a market value of R150,00 million to FirstRand Bank for 20 years. Rental is payable in three instalments during 1998 – 2000, with a nominal annual rental thereafter. The rentals are payable into a deposit account with FirstRand Bank, which attracts a fixed rate of interest. FirstRand Bank leased the assets back to the Entity over 15 years, with rentals payable during the years 2003 – 2013, out of the deposit account, which will reduce to zero on 30 June 2013. The Entity has ceded its rights to repayment of the deposit to FirstRand Bank as security.	74 210	86 849	74 210	86 849
ABSA Bank Unsecured fixed interest loan, repayable semi-annually in equal instalments of capital with interest payable on the reducing balance, final redemption on 30 June 2018.	180 000	200 000	180 000	200 000
FirstRand Bank Structured R300,00 million 15-year loan, R74,30 million of which is repayable semi-annually in equal instalments of capital and fixed-rate interest over 15 years, and the balance of R225,70 million payable in one instalment, together with capitalised fixed-rate interest, on 30 June 2018. As part of the loan structure, the Entity purchased a 15-year sinking fund policy from Momentum Group for a premium of R228,40 million which was invested in an unguaranteed investment portfolio. The premium is payable semi-annually over 15 years through a series of promissory notes issued by the City to Momentum, later sold on to FirstRand Bank and FutureGrowth. In terms of a put option agreement, the maturity proceeds of this unguaranteed portfolio were sold in advance to FirstRand Bank for a fixed option price of R894,60 million, payable on 30 June 2018. In addition a variable put option price is payable by FirstRand Bank to the Entity over the years 2009 – 2018. The Entity has ceded and pledged the sinking fund policy to FirstRand Bank as security.	190 000	210 000	190 000	210 000
DBSA – Claremont Road Bypass Company Interest is charged at a nominal fixed rate of R186 plus 154 basis points per annum. Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009. Secured by an agreement of cession from Claremont Improvement District Company (association incorporated under Section 21) (cedent), over their right and title to the levies collected by the City of Cape Town from the Claremont Improvement District ratepayers in terms of the co-operation agreement. The cedent, the company and the City of Cape Town concluded a co-operation agreement in terms of which the City of Cape Town undertook to pay to the cedent levies collected from the ratepayers within the Claremont City Improvement District.	20 237	8 442	–	–
NHFC – Cape Town Community Housing Company (Pty) Ltd The NHFC loan bears interest at 13% (2008: 13%) per annum and is repayable in monthly instalments, including interest of R177 404 (2008: R177 404), with the final instalment due on 31 January 2014.	–	3 784	–	–
NHFC – Cape Town Community Housing Company (Pty) Ltd The NHFC facility bears interest at 15,5% per annum and is only repayable once project income is received.	–	11 217	–	–

12 LONG-TERM BORROWINGS CONTINUED

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Stichting Dutch International Guarantees for Housing (DIGH) – Loan 1	–	1 208	–	–
Cape Town Community Housing Company The loan bears interest at a fixed rate of 7,12% per annum and is repayable in annual instalments of R424 370 (2008: R424 370), inclusive of interest. The final instalment is payable on 1 July 2016. The short-term portion was settled prior to year-end.				
Stichting Dutch International Guarantees for Housing (DIGH) – Loan 2	–	3 651	–	–
Cape Town Community Housing Company The loan bears interest at a fixed rate of 6,07% per annum and is repayable in annual instalments of R1,03 million, inclusive of interest. The final instalment is payable on 3 January 2016.				
Finance leases	156 962	169 012	156 962	169 012
Nedbank Sale and leaseback structured R55,30 million 15-year loan funded by Nedbank through an Infrastructure Trust. Lease rentals equating to fixed-rate interest are payable semi-annually over 15 years; a bullet rental amount of R55,30 million is payable on 2 January 2012 out of the proceeds of a sinking fund. The Entity deposits equal amounts semi-annually with Nedbank which, together with compounded interest over 15 years, will equate to the original loan capital. The Entity has ceded its rights under the deposit agreement to Nedbank as security for repayment of the loan capital. An additional floating rate liability of R5,99 million (2008: R7,44 million) arising from a restructuring of the loan is repayable over the remaining life of the loan.	61 242	62 744	61 242	62 744
Investec Sale and leaseback structured R54,80 million 15-year loan funded by Investec Bank. Lease rentals equating to loan fixed-rate interest plus capital are payable semi-annually over 15 years. Investec has granted the Entity the right to acquire the assets at the expiry of the lease at an agreed option price of R47,60 million. The Entity has deposited with Investec an amount which, together with compound interest, will equate to the option price payable on 31 December 2011. The Entity has ceded its rights under the deposit agreement to Investec as security for repayment of the lease and the option price.	18 744	24 604	18 744	24 604
SCMB Sale and leaseback structured R59,30 million 15-year loan. The Entity sold movable electricity assets to Standard Bank at the market value of R59,30 million. The Entity invested R5,80 million of the proceeds in a sinking fund deposit which, when compounded over 15 years at a fixed rate of interest, grows to the original loan capital amount. Standard Bank leased the assets back to the Entity with rentals, equating to the loan fixed-rate interest, payable annually over 15 years. A bullet rental amount of R59,30 million is payable on 24 June 2011 out of the sinking fund deposit.	76 976	81 664	76 976	81 664
Total – refer to Appendix A for more details	4 307 684	3 485 353	4 287 447	3 457 051

The rates of interest payable on the above-mentioned structured loans and finance leases are based on certain underlying assumptions relating to the lenders' statutory costs, and the allowability of deductions by the lenders for income tax purposes in connection with these loans. In the event of changes to, or interpretation of, the Income Tax Act or any other relevant legislation that impact on the loan structure costs, the lender have the right to increase or decrease the future rates of interest payable on the loans over the remaining lives, in order to absorb the increase or decrease in costs.

13 PROVISIONS (NON-CURRENT)

Economic Entity	Long-service leave benefits R'000	Environmental rehabilitation R'000	Post-retirement medical aid benefits R'000	Post-retirement pension benefits R'000	Total R'000
As at 30 June 2009					
Balance at the beginning of the year	187 565	397 357	1 803 197	12 338	2 400 457
Interest cost	18 218	48 503	226 267	1 667	294 655
Service cost and transitional liability	15 624	(48 980)	58 023	368	25 035
Benefit payments	(26 080)	–	(87 391)	(1 874)	(115 345)
Actuarial loss	73 340	–	1 131	4	74 475
Transfer from operating account	14 847	41 400	89 000	2 200	147 447
	283 514	438 280	2 090 227	14 703	2 826 724
Transfer to current provision	(36 530)	(75 000)	(102 022)	(1 997)	(215 549)
Balance at the end of the year	246 984	363 280	1 988 205	12 706	2 611 175
Municipality of Cape Town					
As at 30 June 2009					
Balance at the beginning of the year	187 565	397 357	1 803 197	12 338	2 400 457
Interest cost	18 218	48 503	226 267	1 667	294 655
Service cost and transitional liability	15 624	(48 980)	58 023	368	25 035
Benefit payments	(26 080)	–	(87 391)	(1 874)	(115 345)
Actuarial loss	73 340	–	1 131	4	74 475
Transfer from operating account	14 847	41 400	89 000	2 200	147 447
	283 514	438 280	2 090 227	14 703	2 826 724
Transfer to current provision	(36 530)	(75 000)	(102 022)	(1 997)	(215 549)
Balance at the end of the year	246 984	363 280	1 988 205	12 706	2 611 175

Long-service leave benefits

An actuarial valuation has been performed of the Entities' liability for long-service leave benefits relating to vested leave benefits to which employees may become entitled upon completion of ten years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

	2009	2008
Key financial assumptions		
Discount rate	10,70%	8,70%
General inflation rate (CPI)	7,50%	5,50%
Salary increase	8,50%	6,50%

Environmental rehabilitation

Provision is made in terms of the Entity's licensing stipulations of the landfill waste sites, for the estimated costs of rehabilitation of waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 5,1% (2008: 7,9%) and discounted to present value at the average borrowing cost of 11,0% (2008: 11,7%), hence the difference. The payment dates of total closure and rehabilitation are uncertain but are expected to be between 2009 and 2020.

Post-retirement medical aid and pension benefits

An actuarial valuation has been performed of the Entity's liability in respect of benefits to eligible retirees and retrenched employees of the Entity. The provision is utilised when eligible employees receive the value of the vested benefits – refer to note 47 for more detail.

14 CONSUMER DEPOSITS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Electricity and water	235 526	237 591	235 526	237 591
Conference deposits	18 491	8 036	–	–
Total	254 017	245 627	235 526	237 591

Guarantees held in lieu of electricity and water deposits were R29,30 million (2008: R28,50 million). Electricity and water deposits are released when the owner/occupant of a property terminates the contract with the Entity to supply water and electricity to a property, or when certain contractual services are delivered.

15 PROVISIONS

	Opening balance R'000	Transfer(s) from operating R'000	Transfer(s) to operating R'000	Transfer from non- current R'000	Closing balance R'000
Economic Entity As at 30 June 2009					
Staff parity	108 116	–	(108 116)	–	–
Insurance claims	4 034	5 713	(3 037)	–	6 710
Post-retirement benefits	91 200	–	(91 200)	104 019	104 019
Legal fees	2 146	2 821	–	–	4 967
Environmental rehabilitation	41 400	–	(41 400)	75 000	75 000
Leave benefits	309 123	19 287	(14 847)	36 530	350 093
Performance bonuses	1 948	2 300	(1 948)	–	2 300
Total	557 967	30 121	(260 548)	215 549	543 089
Municipality of Cape Town					
Staff parity	108 116	–	(108 116)	–	–
Insurance claims	4 034	5 713	(3 037)	–	6 710
Post-retirement benefits	91 200	–	(91 200)	104 019	104 019
Legal fees	2 146	2 821	–	–	4 967
Environmental rehabilitation	41 400	–	(41 400)	75 000	75 000
Leave benefits	309 123	19 287	(14 847)	36 530	350 093
Total	556 019	27 821	(258 600)	215 549	540 789

Insurance and COID claims

Provision has been made for outstanding insurance claims as at 30 June 2009, funded out of the General Insurance (Reserve) Fund. The assessment of claims is based on the assessed quantum of claims received.

Legal fees

Legal cost relating to the process of defending the Entity in Labour Appeal Court and Labour Court cases of which the court dates have already been set. The calculations of these amounts are based on assessments by attorneys.

Staff leave

Annual leave accrue to Entity employees on a monthly basis subject to certain conditions. The provision is an estimate of the amount due to staff at year-end, based on the value of statutory and non-statutory leave.

Performance bonuses

Performance bonuses in respect of the Cape Town International Convention Centre. Performance bonuses accrue to staff on an annual basis based on the achievement of budgeted performance. The provision is an estimate of the amount due to staff at the reporting date.

16 PAYABLES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Trade creditors	1 893 575	1 502 502	1 883 216	1 487 919
Payments received in advance	563 556	522 802	563 556	522 802
Accrued interest	22 463	21 304	22 463	21 304
Inter-company advances	152 513	149 883	152 513	149 883
Third-party payments	161 575	139 224	161 575	139 224
Other creditors	51 413	91 607	39 267	68 502
Total	2 845 095	2 427 322	2 822 590	2 389 634

Guarantees held in lieu of retentions were R16,39 million (2008: R108,40 million).

17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Conditional grants from other spheres of government	790 158	1 466 446	790 158	1 466 446
Municipal infrastructure grant (MIG)	–	60 913	–	60 913
National Government	540 307	1 079 034	540 307	1 079 034
Provincial Government Western Cape (PGWC) – other	249 851	326 499	249 851	326 499
Other conditional receipts	99 663	97 190	99 663	96 438
Public contributions	99 663	97 190	99 663	96 438
Total	889 821	1 563 636	889 821	1 562 884

These amounts are separately invested in terms of Section 12 of the MFMA – refer to notes 26 and 28 for more detail of grants from National and Provincial Government.

The unspent portion of the conditional grant will be spent over the next two or three years to the conclusion of the projects for which they were intended. Substantial portions of the grants were provided in advance for the 2010 projects, and will be fully spent by the advent of the 2010 Soccer World Cup™ event.

The launching of projects in many instances is a protracted process due to interest groups' participation. No amounts are due for repayment to the donors.

18 VAT

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
VAT payable	358 237	312 462	358 184	312 227
VAT receivable	(213 016)	(168 759)	(212 882)	(166 919)
Total	145 221	143 703	145 302	145 308

The City of Cape Town is registered for VAT on the payment basis.

19 HOUSING DEVELOPMENT FUND

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Realised housing proceeds				
Balance at the beginning of the year	281 098	244 356	281 098	244 356
Income	110 589	66 141	110 589	66 141
Land sales	13 119	11 345	13 119	11 345
Repayments – long-term debtors	41 261	45 357	41 261	45 357
– public organisations	3 047	75	3 047	75
Service contributions	5 837	5 939	5 837	5 939
Subsidy refunds and other	47 325	3 425	47 325	3 425
Interest	26 363	20 541	26 363	20 541
Expenditure	(57 025)	(43 290)	(57 025)	(43 290)
Funding capital projects	(31 059)	(25 970)	(31 059)	(25 970)
Funding operating projects	(25 966)	(17 320)	(25 966)	(17 320)
Non-cash transfer to provision for impairment	(19 131)	(6 650)	(19 131)	(6 650)
Balance at the end of the year	341 894	281 098	341 894	281 098
Unrealised housing proceeds				
Balance at the beginning of the year	209 256	287 869	209 256	287 869
Loans realised	(23 510)	(31 957)	(23 510)	(31 957)
Long-term housing loans	(22 062)	(30 315)	(22 062)	(30 315)
Long-term loans – public organisations	(1 448)	(1 642)	(1 448)	(1 642)
Transfer to impairment provision – selling schemes	(16 402)	(42 824)	(16 402)	(42 824)
– public organisations	(387)	(3 832)	(387)	(3 832)
Balance at the end of the year	168 957	209 256	168 957	209 256
Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors' loan agreement.				
Total	510 851	490 354	510 851	490 354

20 RESERVES AND MINORITY INTEREST

20.1 Reserves

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Capital replacement reserve	1 042 091	908 673	1 042 091	908 673
Insurance reserve	734 458	660 903	734 458	660 903
Self-insurance reserve	697 703	624 177	697 703	624 177
COID reserve	36 755	36 726	36 755	36 726
Fair value reserve – CTCHC	–	421	–	–
Total	1 776 549	1 569 997	1 776 549	1 569 576

The capital replacement reserve and the self-insurance reserve are fully funded and invested in ring-fenced financial instruments.

20.2 Minority interest

	Economic Entity	
	2009 R'000	2008 R'000
Balance at beginning of year	123 206	93 051
Transfer to minority in terms of GRAP 17 restatement	–	13 961
Transfer to minority: share buy-back correction	(683)	–
Share of net surplus attributable to minority interest	4 549	16 194
Total	127 072	123 206

21 ACCUMULATED SURPLUS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Accumulated surplus	10 315 745	7 412 407	10 204 997	7 296 280

Receipts, from grant funded assets acquired, to the value of R8,20 billion (2008: R5,58 billion) are included in the accumulated surplus and earmarked to fund future depreciation charges over the assets' useful lives.

22 PROPERTY RATES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Actual				
Residential, commercial and state	3 558 900	3 529 740	3 561 855	3 531 969
Penalties	77 244	75 850	77 244	75 850
	3 636 144	3 605 590	3 639 099	3 607 819
Income foregone*	(398 495)	(349 078)	(398 495)	(349 078)
Total	3 237 649	3 256 512	3 240 604	3 258 741
Valuations				
Rateable properties	599 530 758	610 128 945	599 530 758	610 128 945
Non-rateable properties	16 174 244	21 281 967	16 174 244	21 281 967
Total property valuations	615 705 002	631 410 912	615 705 002	631 410 912
Valuations as at July 2009				
Residential	435 344 532	443 830 433	435 344 532	443 830 433
Commercial	126 915 504	142 541 407	126 915 504	142 541 407
Agriculture	8 895 965	9 256 380	8 895 965	9 256 380
State	31 773 932	31 518 881	31 773 932	31 518 881
Municipal	12 775 069	4 263 811	12 775 069	4 263 811
Total property valuations	615 705 002	631 410 912	615 705 002	631 410 912

The last general valuation came into effect on 1 July 2007 and was based on market-related values. Supplementary valuations are processed when completed by the Valuations Department and takes into account changes to individual property values. Rates are levied on a daily basis and payable monthly. Interest is raised monthly on accounts in arrears, at prime plus 1% per annum.

* Income foregone can be defined as any income that the City is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

23 SERVICE CHARGES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Sale of electricity	4 222 879	3 140 572	4 227 295	3 144 778
Sale of water	1 281 279	1 263 407	1 281 671	1 264 279
Waste management (solid waste)	490 499	423 145	490 499	423 145
Wastewater management (sewerage and sanitation)	744 294	762 312	744 294	762 940
Other	318 468	361 748	199 456	218 475
Total	7 057 419	5 951 184	6 943 215	5 813 617

24 RENTAL OF LETTING STOCK AND FACILITIES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Rental agreements	231 870	227 943	231 870	227 904
Hire/rentals	22 875	19 726	22 875	21 793
	254 745	247 669	254 745	249 697
Income foregone*	(35 136)	(35 327)	(35 136)	(35 327)
Total	219 609	212 342	219 609	214 370

* Income foregone can be defined as any income that the City is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

25 FINANCE INCOME

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Interest receivable – external investments	518 630	440 157	508 720	431 696
– outstanding debtors	215 721	167 983	215 721	167 747
	734 351	608 140	724 441	599 443
Interest transferred to external funds (conditional grants)	(68 180)	(67 424)	(68 180)	(67 424)
Net finance income	666 171	540 716	656 261	532 019
Gains on foreign exchange transactions	472	31	472	31
Gains on valuation of derivatives (held for trading)	–	3 653	–	3 653
Total	666 643	544 400	656 733	535 703

26 GOVERNMENT GRANTS AND SUBSIDIES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Unconditional grants	1 732 382	1 434 819	1 732 382	1 434 819
Equitable share	486 734	327 577	486 734	327 577
RSC levy replacement	1 245 648	1 107 242	1 245 648	1 107 242
Conditional grants	3 442 455	1 561 750	3 442 455	1 558 825
Municipal infrastructure grants (MIGs)	384 305	157 312	384 305	157 312
Provincial health subsidies	115 310	109 187	115 310	109 187
Metropolitan Transport Advisory Board	65 022	60 052	65 022	60 052
National projects	2 140 788	976 834	2 140 788	976 834
Provincial projects – other	647 094	256 827	647 094	256 827
Other	89 936	1 538	89 936	(1 387)
Total	5 174 837	2 996 569	5 174 837	2 993 644
The Entity does not foresee a significant decrease in the level of grant funding.				
Equitable share				
These grants are used to subsidise the provision of basic services to indigent communities.				
RSC levy grant				
A grant has been received to replace the RSC levies.				
Municipal infrastructure grant projects				
Balance unspent at the beginning of the year	(60 913)	–	(60 913)	–
Regrouping adjustments	–	–	–	–
Current year receipts	(245 447)	(218 055)	(245 447)	(218 055)
Adjustments	–	–	–	–
Conditions met – transferred to revenue	384 305	157 311	384 305	157 311
Amounts still to be claimed	(77 945)	(169)	(77 945)	(169)
Conditions still to be met – transferred to liabilities				
– refer to note 17	–	(60 913)	–	(60 913)

This grant was used to fund the construction of infrastructural assets for the Entity. Other than the amount unspent, the conditions of the grant have been met. No funds have been withheld.

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Provincial health subsidies				
Balance unspent at the beginning of the year	–	–	–	–
Current year receipts – included in public health vote – see Appendix E	(115 310)	(109 187)	(115 310)	(109 187)
Conditions met – transferred to revenue	115 310	109 187	115 310	109 187
Conditions still to be met – transferred to liabilities	–	–	–	–
The Entity renders health services on behalf of the Provincial Government and is refunded partially for expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There were no delays in payment of the subsidies, nor were any amounts withheld.				
Provincial projects and MTAB				
Balance unspent at the beginning of the year	(326 499)	(254 694)	(326 499)	(254 694)
Regrouping adjustment	8 847	830	8 847	830
Current year receipts	(568 111)	(334 275)	(568 111)	(334 275)
Interest earned	(11 557)	(9 853)	(11 557)	(9 853)
Adjustments	(43 676)	(36 915)	(43 676)	(36 915)
Conditions met – transferred to revenue	712 116	316 879	712 116	316 879
Amounts still to be claimed	(20 971)	(8 471)	(20 971)	(8 471)
Conditions still to be met – transferred to liabilities – refer to note 17	(249 851)	(326 499)	(249 851)	(326 499)
National Government projects				
Balance unspent at the beginning of the year	(1 079 034)	(299 761)	(1 079 034)	(299 761)
Regrouping adjustment	480 458	1 265	480 458	1 265
Current year receipts	(1 525 244)	(1 709 428)	(1 525 244)	(1 709 428)
Interest earned	(36 656)	(39 866)	(36 656)	(39 866)
Adjustments	(2 044)	339	(2 044)	339
Conditions met – transferred to revenue	2 140 788	976 834	2 140 788	976 834
Amounts still to be claimed	(518 575)	(8 417)	(518 575)	(8 417)
Conditions still to be met – transferred to liabilities – refer to note 17	(540 307)	(1 079 034)	(540 307)	(1 079 034)

These grants received from National Government are for operational and capital expenditure (such as budget reform, restructuring, urban renewal, etc.). Other than the amounts unspent, the conditions of the grants have been met – refer to Appendix E.

27 OTHER INCOME

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Insurance recoveries	1 156	475	1 156	475
Bulk infrastructure levies	76 926	88 951	76 926	88 951
City improvement district levies	58 528	57 801	58 528	57 801
Skills development levy	18 386	11 699	18 386	11 699
Other income	47 450	148 563	40 689	134 625
Total	202 446	307 489	195 685	293 551

28 PUBLIC CONTRIBUTIONS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Public contributions: Consumer connections	30 643	41 568	30 643	41 568
Other	38 781	14 324	38 781	14 324
Total	69 424	55 892	69 424	55 892

Public contributions and other third-party funds

Balance unspent at the beginning of the year	(96 438)	(105 820)	(96 438)	(95 271)
Regrouping adjustment	1 257	377	1 257	377
Current year receipts	(46 658)	(53 470)	(46 658)	(53 470)
Interest earned	(2 444)	(2 863)	(2 444)	(2 863)
Adjustments	(24 777)	(1 056)	(24 777)	(1 056)
Conditions met – transferred to revenue	69 424	65 689	69 424	55 892
Amounts still to be claimed	(27)	(47)	(27)	(47)
Conditions still to be met – transferred to liabilities – refer to note 17	(99 663)	(97 190)	(99 663)	(96 438)

The Entity receives grants from various private funders for operational and capital projects. Included in these funds are monies held on behalf of third parties. Other than the amounts unspent, the conditions of the grants have been met. No funds have been withheld.

29 EMPLOYEE-RELATED COSTS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Salaries and wages	3 023 657	2 559 384	2 995 166	2 534 086
Social contributions – UIF, pensions and medical aid	771 814	656 995	769 183	654 964
Travel, motor car, accommodation, subsistence and other allowances	244 085	233 931	243 958	233 785
Housing benefits and allowances	55 926	50 581	55 926	50 581
Overtime payments	226 984	193 651	226 815	193 460
Staff parity provision	(101 074)	108 116	(101 074)	108 116
Performance bonus – net contribution	1 896	1 707	–	–
Contribution: post-retirement and long-service	368 616	286 400	368 616	286 400
	4 591 904	4 090 765	4 558 590	4 061 392
Expenditure recharged to capital projects	(21 022)	(18 882)	(21 022)	(18 882)
Total	4 570 882	4 071 883	4 537 568	4 042 510

Remuneration of executives

Analysis of remuneration benefits

	Total R'000	Annual salary R'000	Performance bonus R'000	Car allowance R'000	Social contribution R'000
2009					
City Manager	1 467	1 053	140	50	224
Finance	1 170	775	133	110	152
Health	1 023	724	19	133	147
Integrated human settlement services	1 127	855	112	30	130
Service delivery integration	1 288	916	127	85	160
Economic and social development	1 071	763	106	72	130
Safety and security	1 043	767	17	146	113
Community development	1 155	834	114	84	123
Corporate services	1 131	820	116	60	135
Strategy and planning	1 083	968	65	48	2
Transport, roads and stormwater	1 034	867	62	–	105
Utility services	1 206	905	119	48	134
Chief audit executive	1 067	888	105	72	2
Chief executive officer (CTICC)	962	962	–	–	–
	15 827	12 097	1 235	938	1 557
2008					
City Manager	1 280	966	99	51	164
Finance	1 019	707	55	117	140
Health	956	606	110	127	113
Integrated human settlement services	993	783	52	30	128
Service delivery integration	1 153	839	88	85	141
Economic and social development	922	688	42	72	120
Safety and security	1 014	844	–	51	119
Community development	1 037	753	80	84	120
Corporate services	1 005	710	110	60	125
Strategy and planning	917	866	–	49	2
Transport, roads and stormwater	937	791	50	1	95
Utility services	1 079	824	84	48	123
Chief audit executive	919	814	31	72	2
Chief executive officer (CTICC)	276	276	–	–	–
	13 507	10 467	801	847	1 392

30 REMUNERATION OF COUNCILLORS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Executive Mayor	768	717	768	717
Deputy Executive Mayor	694	615	694	615
Speaker	620	571	620	571
Chief Whip	591	532	591	532
Mayoral Committee members	5 981	5 425	5 981	5 425
Subcouncil chairpersons	13 038	11 162	13 038	11 162
Councillors	48 966	45 202	48 966	45 202
Councillors' pension contributions	6 971	6 711	6 971	6 711
Board members/directors/trustee fees*	80	634	–	–
Total	77 709	71 569	77 629	70 935

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee members are employed full time. Each is provided with an office and administrative and secretarial support at Council's cost. The Executive Mayor has two full-time bodyguards and all Councillors have access to security in terms of the Councillors' security policy. The Executive Mayor and Deputy Mayor and other full-time Mayoral Committee members have access to Council-owned vehicles for ceremonial and official functions.

Subcouncil chairpersons are provided with an office and administrative and secretarial support at Council's cost. Councillors are provided with work stations/ward offices, which are appropriately equipped. Computers are provided to councillors either in their offices or at their homes.

* Board members/directors/trustee fees relate to fees in respect of the Cape Town International Convention Centre and the Cape Town Community Housing Company.

31 IMPAIRMENT COSTS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Allowances for impairment losses	724 862	708 369	724 585	708 643
Irrecoverable debts written off	47 216	–	47 216	–
Impairment of investment	(5 184)	–	(5 184)	–
Impairment of property, plant and equipment	136 283	17 587	136 283	35 009
Total	903 177	725 956	902 900	743 652

Impairment of property relates to land made available for informal housing opportunities.

32 DEPRECIATION AND AMORTISATION EXPENSES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Depreciation of property, plant and equipment	729 182	734 383	710 302	717 141
Depreciation of investment property	4 441	4 414	4 441	4 414
Amortisation of intangible assets	18 983	53 173	18 983	53 154
Total - Refer to notes 2, 3, 4 and Appendix B	752 606	791 970	733 726	774 709

33 REPAIRS AND MAINTENANCE

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Repairs and maintenance expenditure	1 379 939	1 193 229	1 372 625	1 185 860
Expenditure recharged	(464 328)	(400 606)	(464 328)	(400 606)
Operating employee costs recharged	(57 161)	(350 153)	(57 161)	(350 153)
Repairs and maintenance recharged	(407 167)	(50 453)	(407 167)	(50 453)
Total	915 611	792 623	908 297	785 254

34 FINANCE COSTS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Interest expense	397 395	275 897	396 027	274 798
Long-term borrowings (amortised cost)	371 067	248 602	369 702	247 516
Finance leases (amortised cost)	26 328	27 295	26 325	27 282
Loss on valuation of derivatives (held for trading)	10 365	17 959	10 365	17 959
Amortisation of bond issue expenses	141	3	141	3
Loss on foreign exchange transactions	37	5	37	5
Total	407 938	293 864	406 570	292 765

35 BULK PURCHASES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Electricity	2 624 556	1 913 979	2 624 556	1 913 979
Water	256 409	227 535	256 409	227 535
Total	2 880 965	2 141 514	2 880 965	2 141 514

36 GRANTS AND SUBSIDIES PAID

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Ad hoc	2	5 119	–	4 789
Community upliftment	6 515	2 920	6 515	2 920
Destination marketing organisation and tourism	84 251	36 069	84 251	36 069
Economic promotion and job creation	2 980	7 809	2 980	7 809
Educational institutions and health forums	1 443	3 487	1 443	3 487
Khayelitsha Community Trust	7 837	–	7 837	–
Health and HIV/Aids/TB	1 099	128	1 099	128
Programmes, conferences and events	960	2 361	960	2 361
Senior citizens and disabled	763	142	763	142
Social arts and culture and other	6 476	11 845	6 476	11 845
Sporting bodies	4 628	4 569	4 628	4 569
Wesgro	8 190	7 800	8 190	7 800
Total	125 144	82 249	125 142	81 919

37 GENERAL EXPENSES

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Chemicals	67 282	59 657	67 282	59 657
Communication and publication	21 691	17 911	21 691	17 755
Computer services and software	32 709	27 698	30 419	25 193
Consultants	61 021	44 339	58 841	42 119
Electricity – Eskom payments	41 756	31 792	41 363	31 632
Fuel	156 700	124 034	156 611	123 889
Furniture and fittings	343	17 403	343	17 403
Hire charges	184 600	169 436	184 219	169 141
Legal fees	21 801	24 404	21 554	23 895
Levy: skills development	33 499	28 269	33 499	28 269
Licences and permits	50 929	65 391	50 929	65 391
Materials and consumables	71 367	73 048	55 409	57 432
City Improvement Districts	–	4 852	56 772	56 212
Minor tools and equipment	35 522	31 163	35 522	31 163
Pharmaceutical supplies	39 201	22 526	39 201	22 526
Postage and courier	22 456	20 442	22 426	20 407
Printing and stationery	63 743	49 908	63 475	49 479
Rental	43 937	37 607	41 546	35 906
Scrapping of inventory – refer to note 8	606	1 616	606	1 616
Security services	209 453	175 296	205 862	171 831
Sewerage services – disposals (external)	24 349	22 084	24 349	22 084
Telecommunications	109 592	105 606	108 799	104 783
Training	46 024	29 293	45 514	28 675
Insurance: claims	31 746	33 389	31 746	33 389
Insurance: underwriting	21 640	20 920	20 478	19 842
Indigent relief	286 035	242 451	286 035	242 451
Operating grants and donations – projects	344 170	231 261	344 170	231 261
Contributions, transfers and other	436 029	699 460	415 556	651 901
	2 458 201	2 411 256	2 464 217	2 385 302
Expenditure recharged to capital projects	(3 507)	(2 608)	(3 507)	(2 608)
Total	2 454 694	2 408 648	2 460 710	2 382 694

Xenophobia costs written off

During the year, expenditure of R106,10 million was incurred and approved in terms of Section 32 of the MFMA to alleviate the plight of xenophobia victims. An additional amount of R47,20 million was written off, relating to 2007/8 expenditure. Council resolved the above-mentioned expenditure be financed from corporate budget savings.

38 TAXATION

	Economic Entity	
	2009 R'000	2008 R'000
Deferred taxation:		
Cape Town International Convention Centre (Pty) Ltd		
Deferred income taxes are calculated on all temporary differences under the balance sheet method using a tax rate of 28% (2008: 28%).		
At the beginning of the year	10 064	(9 779)
Statement of performance charge	–	–
Prior period error adjustment	–	8 709
Correction of the provision for rates and taxes	–	–
Correction of deferred tax assets of previous year	–	6 232
Tax rate adjustment	–	(230)
Utilisation of previously recognised deferred tax asset	–	1 508
Temporary differences	986	3 624
At the end of the year	11 050	10 064
The balance comprises:		
Capital allowance (non-deductible temporary difference)	11 050	10 064
	11 050	10 064
Cape Town Community Housing Company (Pty) Ltd: 100%		
Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to off-set current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.		
Taxable temporary differences		
Section 24 allowance	–	(2 519)
Deductible temporary differences	–	14 409
Accruals	–	235
Deferred revenue (institutional subsidies)	–	1 504
Deferred revenue (other)	–	–
Doubtful debt provision	–	13 289
Fixed assets	–	(41)
Revaluation of repossessed stock	–	(458)
Straight-lining of leases	–	(120)
Assessed loss	–	20 835
	–	32 725
Deferred taxation asset at 28% (2008)	–	9 163
Unprovided	–	(9 163)
Balance at the end of the year	–	–
The deferred taxation asset of R9,16 million (2008) was not recognised due to the losses of R20,84 million (2008) since incorporation that can be carried forward against future taxable income.		
Statement of performance charge		
Taxation income		
South African normal		
Current year – CTICC	5 006	7 077
– City Improvement Districts	61	49
	5 067	7 126

39 CASH GENERATED BY OPERATIONS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Surplus for the year	3 139 741	1 499 267	3 136 187	1 457 542
Adjustment for:	1 172 664	1 430 112	1 147 966	1 439 547
Insurance reserve	–	2 460	–	2 460
Adjustment deferred income	–	(5 063)	–	(4 307)
Fair value reserve	(421)	(965)	–	–
Depreciation	752 606	791 970	733 726	774 709
Impairment	136 283	17 587	136 283	35 009
Gain and loss on disposal of assets	(165 851)	(46 326)	(180 000)	(46 257)
Loss on valuation of derivatives	10 365	14 306	10 365	14 306
Contribution to current provisions	195 840	658 681	195 485	658 292
Contribution to impairment provision	502 547	247 998	502 270	248 273
Investment income	(666 643)	(544 400)	(656 733)	(535 703)
Interest paid	407 938	293 864	406 570	292 765
Operating surplus before working capital changes	4 312 405	2 929 379	4 284 153	2 897 089
(Increase)/Decrease in inventories	33 600	(59 439)	22 989	(56 869)
Increase in trade receivables	(814 789)	(571 322)	(708 253)	(348 298)
Increase in other receivables	(53 567)	(209 360)	(54 060)	(208 900)
Increase/(Decrease) in unspent conditional grants and receipts	(673 815)	903 361	(673 063)	913 158
Increase in payables	416 614	533 884	410 493	278 077
Increase in net VAT	1 518	24 969	(6)	28 281
Cash generated by operations	3 221 966	3 551 472	3 282 253	3 502 538

40 CASH AND CASH EQUIVALENTS

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Balance at the end of the year	2 757 944	1 268 546	2 631 951	1 158 827
Balance at the beginning of the year	(1 268 546)	(531 161)	(1 158 827)	(437 356)
Net increase in cash and cash equivalents – refer to note 11	1 489 398	737 385	1 473 124	721 471

41 UTILISATION OF LONG-TERM BORROWINGS RECONCILIATION

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Long-term borrowings raised – refer to Appendix A	1 200 000	1 400 000	1 200 000	1 400 000
EFF earmarked capital expenditure	(3 421 955)	(2 743 736)	(3 421 955)	(2 743 736)
2007/8 and prior years	(1 812 519)	(1 501 266)	(1 812 519)	(1 501 266)
2008/9	(1 609 436)	(1 242 470)	(1 609 436)	(1 242 470)
Total EFF (overdrawn)	(2 221 955)	(1 343 736)	(2 221 955)	(1 343 736)
Cash set aside for the repayment of long-term borrowings – refer to notes 6 and 12	416 537	514 549	416 537	514 549
Cash overdrawn	(1 805 418)	(829 187)	(1 805 418)	(829 187)

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

		Economic Entity		Municipality of Cape Town	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
42.1 Cape Town International Convention (Pty) Ltd					
Unauthorised expenditure					
Opening balance		–	9 832		
Approved by Council		–	(9 832)		
Closing balance (awaiting authorisation)		–	–		
Fruitless and wasteful expenditure					
Opening balance		3	201		
Penalties – SARS		–	3		
Interest – SARS		132	–		
Approved by Council		(3)	(201)		
Closing balance (awaiting authorisation)		132	3		
Incident					
Proceedings					
Late payment interest– SARS					
Awaiting condonement by Council					
42.2 City of Cape Town					
Irregular and fruitless expenditure					
Opening balance		127 266	1 256	127 266	1 256
Fruitless expenditure – current year		219	126 537	219	126 537
Approved by Council		(126 299)	(527)	(126 299)	(527)
Closing balance		1 186	127 266	1 186	127 266
Incident					
Proceedings					
Time theft		263	263	263	263
Arrear staff debtor		466	466	466	466
Labour brokers		–	125 990	–	125 990
Deviation from SCM policy		–	309	–	309
Splitting of orders		238	238	238	238
Foreign exchange loss		219	–	219	–
Report to be submitted to Council					
Estimated irregular expenditure		1 186	127 266	1 186	127 266

43 ADDITIONAL DISCLOSURES

43.1 Supply chain management regulations – City of Cape Town

43.1.1 Deviations

In terms of Section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been approved/condoned.

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Incident				
Appointment of consultants	200 195	7 614	200 195	7 614
Information technology upgrade	30 144	23 571	30 144	23 571
Upgrading of electricity services	40 572	48 386	40 572	48 386
Extension of contract	134 196	405 290	134 196	405 290
Upgrading of road infrastructure	28 796	281 861	28 796	281 861
Supply and delivery of plant and equipment	29 235	339	29 235	339
Other	171 142	273 098	169 338	273 098
Deviations less than R200 000	195 736	–	195 736	–
Total amount condoned	830 016	1 040 159	828 212	1 040 159

43.1.2 Bids awarded to relatives of persons in service of the State

No bids were awarded to relatives of persons in service of the State during the year under review.

43.2 Municipal Finance Management Act

43.2.1 Section 124

Disclosures concerning councillors, directors and officials

Councillors' arrear consumer accounts – City of Cape Town

As at 30 June 2009, no councillors had arrear accounts outstanding for more than 90 days.

	Total R	Outstanding < 90 days R	Outstanding > 90 days R
As at 30 June 2008			
AV Bergh – Anavi Trust	8 043	4 888	3 155
WD Jaftha	14 690	611	14 079
M Muruduker	51 678	3 125	48 553
Total signed arrangements	74 411	8 624	65 787

43.2.2 Section 125

Other compulsory disclosures

	SALGA con- tributions R'000	Audit fees R'000	PAYE UIF R'000	Pension and medical aid R'000
As at 30 June 2009				
Opening balance	–	497	38 976	90 263
Subscriptions/fees	12 000	16 152	587 358	1 213 335
Amount paid – current year	(6 000)	(16 072)	(543 177)	(1 107 986)
– previous years	(6 000)	(497)	(38 976)	(90 263)
Balance unpaid (included in payables)	–	80	44 181	105 349
As at 30 June 2008				
Opening balance	–	1 454	32 968	79 342
Subscriptions/fees	–	13 966	473 341	1 048 121
Amount paid – current year	–	(13 469)	(434 365)	(957 858)
– previous years	–	(1 454)	(32 968)	(79 342)
Balance unpaid (included in payables)	–	497	38 976	90 263

44 COMMITMENTS

44.1 Capital commitments

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Commitments in respect of capital expenditure				
Infrastructure	3 246 639	665 742	3 246 639	665 742
Community	21 929	72 432	21 929	72 432
Heritage	144	710	144	710
Housing Development Fund	–	292	–	292
Other	42 981	19 745	42 981	18 801
Total	3 311 693	758 921	3 311 693	757 977
This expenditure will be financed from				
External loans	1 541 343	399 152	1 541 343	399 152
Asset financing reserve	287 760	41 106	287 760	41 106
Government grants	1 482 590	275 510	1 482 590	275 510
Other sources	–	43 153	–	42 209
Total	3 311 693	758 921	3 311 693	757 977

44 COMMITMENTS CONTINUED

44.2 Operating lease commitments

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<i>The City as lessee</i>				
Future minimum lease payments under non-cancellable operating leases:				
Land and buildings	80 552	146 215	15 528	41 366
Payable within one year	15 006	29 405	12 620	25 839
Payable within two to five years	8 446	25 534	2 908	15 527
Payable after five years	57 100	91 276	–	–
Vehicles and other equipment	42 859	61 663	42 859	78 662
Payable within one year	28 880	28 071	28 880	35 714
Payable within two to five years	13 790	33 419	13 790	42 707
Payable after five years	189	173	189	241
Future minimum sub-lease recoveries under non-cancellable operating leases	–	(132)	–	(132)
	123 411	207 746	58 387	119 896

Minimum lease payments for the Entity, recognised as an expense during the period under review amount to R53,40 million (2008: R65,98 million). Leased premises are contracted for the remaining periods of between one and four years, with renewable options available in certain instances.

Rental relating to full maintenance lease agreements for 65 refuse compactors is subject to adjustment and linked to prime rates of interest. Contingent rentals do not need to be included in lease payments to be recognised on a straight-line basis over the lease term. The decision has been taken to purchase new compactors on completion of the five-year term of the lease.

The Entity has significant current lease arrangements for photocopy and fax machines over a period of three years without being subject to escalation. In terms of a recent council policy decision such leased equipment shall be purchased on termination of the relevant contract. In keeping with this policy it has been decided to terminate lease agreements in respect of older equipment where the initial period has expired and the lease is continuing on a month-to-month basis.

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<i>The Entity as lessor</i>				
At Statement of Financial Performance date, the Entity has contracted with tenants for the following future minimum lease:				
Payable within one year	10 154	10 062	10 747	10 655
Payable within two to five years	29 538	33 463	30 131	34 649
Payable after five years	59 983	66 212	59 983	66 212
	99 675	109 737	100 861	111 516

The Entity lets its investment properties under operating leases. Property rental income earned during the year amounted to R10,67 million (2008: R10,40 million). The properties are maintained by the tenants at their cost. No investment properties have been disposed of since the Statement of Financial Performance date.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease in current year income of R8 029.

45 FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Entity's operations. The note presents information about the Entity's exposure to each of the above risks, policies and processes for measuring and managing risk, and the Entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Entity has established a risk management committee, which is responsible for developing and monitoring the Entity's risk management policies. A member of this committee, representing the Entity's audit committee, reports to the audit committee on a quarterly basis. The risk management committee policies are established to identify and analyse the risk faced by the Entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Entity's activities.

The accounting policy for financial instruments was applied to the following Statement of Financial Position items.

Financial assets	Fair value through profit and loss R'000	Held to maturity invest- ments R'000	Loans and receivables R'000	Available for sale R'000	Net assets and non- financial assets R'000	Total carrying amount R'000	Fair value R'000
2009							
Investments	–	1 393 951	–	–	–	1 393 951	1 452 497
Long-term receivables	–	–	179 210	–	–	179 210	179 210
Trade receivables	–	–	2 743 236	–	–	2 743 236	2 765 765
Other receivables	–	–	417 970	–	1 096	419 066	419 066
Cash and cash equivalents	–	–	2 757 944	–	–	2 757 944	2 757 895
	–	1 393 951	6 098 360	–	1 096	7 493 407	7 574 433
2008							
Investments	–	3 573 353	–	–	–	3 573 353	3 614 504
Long-term receivables	–	–	240 110	–	–	240 110	240 110
Trade receivables	–	–	2 291 523	–	–	2 291 523	2 291 523
Other receivables	–	–	349 161	–	9 848	359 009	359 009
Derivative financial instruments – current	8 664	–	–	–	–	8 664	8 664
Cash and cash equivalents	–	–	1 268 546	–	–	1 268 546	1 268 546
	8 664	3 573 353	4 149 340	–	9 848	7 741 205	7 782 356

Financial liabilities	Fair value through profit and loss R'000	Amortised costs R'000	Net assets and non- financial liabilities R'000	Total carrying amount R'000	Fair value R'000
2009					
Long-term borrowings	–	4 307 684	–	4 307 684	4 315 899
Consumer deposits	–	254 017	–	254 017	254 017
Payables	–	2 281 539	563 556	2 845 095	2 845 095
Derivative financial instruments – current	4 378	–	–	4 378	4 378
	4 378	6 843 240	563 556	7 411 174	7 419 389
2008					
Long-term borrowings	–	3 485 353	–	3 485 353	3 291 105
Derivative financial instruments	1 277	–	–	1 277	1 277
Consumer deposits	–	245 627	–	245 627	245 627
Payables	–	1 904 520	522 802	2 427 322	2 427 322
Derivative financial instruments – current	1 400	–	–	1 400	1 400
	2 677	5 635 500	522 802	6 160 979	5 966 731

45 FINANCIAL RISK MANAGEMENT CONTINUED

Fair values

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Cash and short-term investments

The carrying amount approximates fair value because of the short maturity of those instruments.

Available-for-sale investments

The fair values of some investments are estimated, based on quoted market prices of those or similar investments. Unlisted equity investments are estimated using the discounted cash flow method.

Loan receivables/payables

Interest-bearing borrowings and receivables are generally at interest rates in line with those currently available in the market on a floating rate basis, and therefore the fair value of these financial assets and liabilities closely approximates their carrying values. Fixed interest rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables/payables/deposits

The fair value of trade and other receivables/payables/deposits, is estimated at the present value of future cash flows, except for retentions, which are payables discounted at the market rate of interest at the reporting date.

45.1 Credit risk

Credit risk is the risk of financial loss to the Entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from investments, loans, trade receivables and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at 30 June 2009 was:

	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Investments – refer to note 6	1 393 951	3 573 353	1 393 951	3 573 353
Loans receivable – refer to note 7	179 210	240 110	179 210	214 917
Trade and other receivables – refer to notes 9 and 10	3 162 302	2 650 532	3 151 206	2 638 564
Cash and cash equivalents – refer to note 11	2 757 944	1 268 546	2 631 951	1 158 827
Total	7 493 407	7 732 541	7 356 318	7 585 661

Investments

The Entity limits its exposure to credit risk by only investing with reputable financial institutions that have a sound credit rating and within specific guidelines set out in accordance with the approved investment policy. Consequently, the entity does not consider there to be any significant exposure to credit risk.

Loans receivable

Loans are granted and managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and where appropriate, the entity obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances.

Trade and other receivables

Trade and other receivables are amounts owing by consumers and are presented net of impairment losses. The Entity has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The Entity is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The Entity's strategy on managing its risk includes encouraging residents to install water management devices which control water flow to households and prepaid electricity meters. In certain instances a deposit is required for new service connections serving as a guarantee.

The Entity's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Performance. The Entity has no significant concentration of credit risk, with exposure spread over a large number

of consumers, and is not concentrated in any particular sector or geographical area. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables. The outstanding amounts of the 10 largest debtors represent 1,7% of the total outstanding balance. The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after due date. The Entity has provided fully for all receivables outstanding over 365 days. Trade receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of trade receivable and other is given in notes 9 and 10.

Payment of accounts of consumer debtors unable to pay are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer.

Cash and cash equivalents

The Entity limits its exposure to credit risk by only investing in liquid investments and only with reputable financial institutions that have a sound credit rating and within specific guidelines set out in accordance with Council's approved investment policy. Consequently, the Entity does not consider there to be any significant exposure to credit risk.

45.2 Liquidity risk

Liquidity risk is the risk that the Entity will not be able to meet its obligations as they fall due. The Entity's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Entity's reputation.

The Entity ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. A credit line overdraft facility of R10,00 million is available and is unsecured. Interest payable is linked to the prime interest rate.

On average, 91,08% of trade receivables and other (own billed) income are realised within 30 days after due date and trade payables are settled within 30 days of invoice. National and provincial grant funding is received in terms of the Division of Revenue Act (DORA).

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year R'000	1 – 5 years R'000	> 5 years R'000	Total R'000
2009				
Liabilities				
Borrowings	932 646	2 456 708	5 862 407	9 251 761
Capital repayments	466 331	827 648	3 013 705	4 307 684
Interest	466 315	1 629 060	2 848 702	4 944 077
Trade and other payables	2 281 539	–	–	2 281 539
Trade payables	1 893 575	–	–	1 893 575
Sundry creditors	387 964	–	–	387 964
Derivatives	4 378	–	–	4 378
	3 218 563	2 456 708	5 862 407	11 537 678

45.3 Market risk

Market risks is the risks that changes in market prices, such as foreign exchange rates and interest rates will affect the Entity's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

Currency risk

The Entity is exposed to foreign currency risk through the importation of goods and services either directly or indirectly through the award of contracts to local importers. The Entity manages any material direct exposure to foreign currency risk by entering into forward exchange contracts. The Entity manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement in order to predetermine the rand value of the contracted goods of services. The Entity was not a direct party to any outstanding forward exchange contract at reporting date.

The movement in the currency was not material to the Entity's procurement and consequently not elaborated on any further.

45 FINANCIAL RISK MANAGEMENT CONTINUED

Derivative financial instruments

Interest rate swap agreements, based on notional amounts totalling R250 million, have been entered into as part of two structured external loans to the Entity over the life of the loans (1998 – 2010). These derivatives are classified as held-for-trading financial instruments, and fair valued through profit or loss. Fair value was determined by discounting remaining net cash flows under the swap agreements at ABSA Bank swap curve rates equal to the prevailing rates of return for financial instruments having substantially the same terms and characteristics.

Interest rate risk

Financial assets and liabilities that are sensitive to interest rate risks are cash and cash equivalents, investments and loan payables. The Entity is not exposed to interest rate risk on these financial instruments as the rates applicable are fixed interest rates except for one loan payable of R6,29 million.

Interest rate swap agreements, based on notional amounts totalling R50 million, have been entered into in order to maximise economic benefits, while limiting exposure to fluctuating interest rates on its loans payable over the life of the loans, i.e. 1998 to 2010. The fair value of interest rate swaps is based on discounted estimated future cash flows based on the terms and maturity of the contract and using market interest rates for a similar instrument at reporting date.

The effective rates on financial instruments at 30 June 2009 are:

	Weighted interest rate %	Maturity of interest-bearing assets/liabilities			
		1 year or less R'000	1 – 5 years R'000	> 5 years R'000	Total R'000
Financial assets					
Investments	8.23	1 196 576	79 236	118 139	1 393 951
Cash and cash equivalents	8.40	2 757 944	–	–	2 757 944
Total financial assets		3 954 520	79 236	118 139	4 151 895
Financial liabilities					
Loans	11.67	450 594	686 424	3 013 704	4 150 722
Finance leases	14.85	15 738	141 224	–	156 962
Total financial liabilities		466 332	827 648	3 013 704	4 307 684

Fair value sensitivity analysis

At 30 June 2009, if the interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair value liability would have no significant impact. A 100 basis points lower would have had an equal but opposite effect of an amount of R66 816.

45.4 Capital management

The primary objective of managing the Entity's capital is to ensure that there is sufficient cash available to support the funding requirement of the Entity, including capital expenditure and ensures that the Entity remains in a financially sound position.

The Entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. In a capital intensive industry, a gearing ratio of 50% or less can be considered reasonable. Included within net debt is interest-bearing loans and borrowings, trade and other payables, less short-term deposits and cash and cash equivalents.

46 PRIOR YEAR ADJUSTMENTS

46.1 Changes in accounting policy

During the year, the Entity has reviewed and changed its accounting policy with respect to the treatment of Government and other grants for capital in the light of the approved GRAP 23 standard issued but not yet effective. In order to conform to the benchmark treatment in the standard of GRAP on non-exchange transactions, the Entity recognised capital income, to the extent that the conditions have been met, as revenue rather than as deferred income.

Previously, the Entity applied IAS 20 where capital income was disclosed in the Statement of Financial Position, to the extent that the conditions have been met, as deferred income and only recognised as revenue on a systematic basis over the useful life of assets in the Statement of Financial Performance. The change in accounting policy has been accounted for retrospectively.

46.2 Reclassification

RSC levy income has been reallocated to other income due to the abolishment and material nature of the current transactions.

Recharged expenditure related to employee costs and general expenses have been reallocated to repair and maintenance costs.

Provision contributions for landfill sites, post-retirement benefits and long-service awards have been reallocated from finance costs to general expenses and employee-related costs.

The income foregone relating to housing rentals have been reclassified from service charges to rental of letting stock and facilities.

46 PRIOR YEAR ADJUSTMENTS CONTINUED

46.3 Correction of errors

Revenue from service charges and fines were incorrect during the year. Service charges and fines that should have been recognised in 2007/8 were incorrectly omitted during 2007/8. The 2007/8 figures has therefore now been restated.

The prior year figures on Khayelitsha Community Trust were restated as set out in note 1.2.2.

The Housing Company was sold and the 2007/8 figures had to be restated.

The construction by the Road Bypass Central Improvement District has been accounted as an expense instead of a capital asset. The 2007/8 figures has been restated.

Presented below are only those Statement of Financial Performance and Position items which have been impacted by the prior year adjustments.

During the 2008/9 financial year, a prior year error occurred with the GRAP 17 being effective. As in terms of the Convenco's accounting policy, the estimated useful lives of the assets had to be reassessed, due to certain assets on the asset register having a nil value. The changes in the evaluated useful lives of the assets have thus resulted in a prior year error.

	Note	As previously reported R'000	Changes in accounting policy R'000	Reclassification R'000	Correction of errors R'000	Restated R'000
2008						
Statement of Financial Performance						
Service charges	23	5 889 869	167 829	32 798	(139 312)	5 951 184
Rental of letting stock and facilities	24	247 848	–	(35 327)	(179)	212 342
Finance income	25	544 929	–	–	(529)	544 400
RSC levies		20 475	–	(20 475)	–	–
Fines		159 225	34 643	–	(35 399)	158 469
Government grants – operating	26	1 773 281	2 925	(49 675)	(5 618)	1 720 913
– capital	26	–	1 275 656	–	–	1 275 656
Deferred income		324 261	(324 261)	–	–	–
Other income	27	284 807	–	22 682	–	307 489
Donated property, plant and equipment	28	6 217	–	49 675	–	55 892
Total revenue		12 699 063	1 156 792	(322)	(181 037)	13 674 496
Employee-related costs	29	3 460 249	–	612 247	(613)	4 071 883
Remuneration of councillors	30	71 812	–	–	(243)	71 569
Impairment costs	31	725 923	–	61	(28)	725 956
Depreciation and amortisation expense	32	799 537	(7 557)	–	(10)	791 970
Repairs and maintenance	33	1 193 233	–	(400 602)	(8)	792 623
Finance costs	34	483 575	–	(189 711)	–	293 864
General expenses	37	2 444 925	–	(22 317)	(13 960)	2 408 648
Total expenditure		12 197 970	(7 557)	(322)	(14 862)	12 175 229
Minority interest		501 093	1 164 349	–	(166 175)	1 499 267
Taxation	38	1 764	5 325	–	37	7 126
Attributable to minority interest	20.2	15 082	1 112	–	–	16 194
Surplus for the year		484 247	1 157 912	–	(166 212)	1 475 947
Statement of Financial Position						
Property, plant and equipment	2	12 299 957	–	–	51 708	12 351 665
Investment property	3	96 710	–	–	(1 634)	95 076
Long-term receivables	7	216 652	–	–	(380)	216 272
Trade receivables	9	2 123 694	167 829	–	–	2 291 523
Other receivables	10	341 275	34 643	–	(16 909)	359 009
Cash and cash equivalents	11	1 273 041	–	–	(4 495)	1 268 546
Deferred income		5 407 326	(5 407 326)	–	–	–
Provisions	15	558 134	–	–	(167)	557 967
Deferred taxation		–	10 064	–	–	10 064
Payables	16	2 603 995	(176 528)	–	(145)	2 427 322
Taxation	38	1 879	1 701	–	(48)	3 532
Accumulated surplus	21	1 624 269	5 801 508	–	(13 370)	7 412 407
Minority interest	20.2	108 133	15 073	–	–	123 206

47. RETIREMENT BENEFIT INFORMATION

The City of Cape Town makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes. Contributions of R448,41 million (2008: R319,20 million) to the defined benefit and defined contribution structures are expensed as incurred during the year under review.

These schemes are subject to a tri-annual, bi-annual or annual actuarial valuation as set out hereunder.

47.1 Defined benefit schemes

Cape Joint Pension Fund (multi-employer fund)

The DB section is a multi-employer plan and the contribution rate payable is 27%, 9% by the members and 18% by their councils. The fund was certified as being in a sound financial condition as at 30 June 2008 by the actuary.

The valuation disclosed an actuarial surplus of R182,73 million and was funded 106,5%.

SALA Pension Fund (multi-employer fund)

The fund, a defined benefit plan, is financially sound and was 110% funded as at 30 June 2007. The next tri-annual valuation is due 1 July 2009 and will be available in June 2010.

47.2 Defined contribution schemes

Cape Joint Pension Fund (multi-employer fund)

This scheme was established to accommodate the unique characteristics of contract employees and 'cost to company' employees. All existing members were given the option to transfer to the defined contribution plan before 1 July 2003.

The actuary report certified that the structure of the assets is appropriate relative to the nature of the liabilities, assuming a smoothed bonus philosophy and given normal circumstances. The report further indicated that the defined contribution plan is funded on sound actuarial principles. The report was certified as being in a sound financial condition as at 30 June 2008 by the actuary. The valuation disclosed funding of 103,3%.

Cape Joint Retirement Fund (multi-employer fund)

The contribution rate paid by the members (9%) and their councils (18%) is sufficient to fund the benefits accruing from the fund in future. The actuary certified the fund as being in a sound financial position as at 30 June 2008.

Municipal Councillors' Pension Fund (multi-employer fund)

The Municipal Councillors' Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and their councils (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The last actuarial valuation of the fund was undertaken at 30 June 2006 and the actuary reported that the fund as a whole is in a sound financial condition.

National Fund for Municipal Workers (multi-employer fund)

The Retirement and Pension Funds are both defined contribution schemes. The last voluntary actuarial valuation of the fund was performed on 30 June 2007. As at 30 June 2007 the interim results state that the way the benefits are structured in the rules, the fund is limited to an amount equal to the accumulation of all the contributions plus investment returns less administration costs.

South African Municipal Workers' Union National Provident Fund (multi-employer fund)

The SAMWU National Provident Fund is a defined contribution scheme. The last actuarial valuation of the fund was performed at 30 June 2005 and certified as being in a financially sound position. A statutory valuation was due not later than 30 June 2008.

47. RETIREMENT BENEFIT INFORMATION CONTINUED

47.3 Defined benefit and contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates both as a defined benefit and defined contribution scheme. The last actuarial valuation of the fund was performed at 30 June 2008 and certified the fund as being in a financially sound position.

A statutory valuation was due by 30 June 2009.

	Total	DB section	DC section
In-service members	8 105	406	7 699
Pensioners	5 501	4 671	830
Membership 30 June 2008	13 606	5 077	8 529

	2009 R'million	2008 R'million
Past-service position – defined benefit section	3 323	4 719
– defined contribution section	4 478	3 528
Total liabilities	7 801	8 247
Assets valued at market value	7 932	8 403
Actuarial surplus	131	156

	Key financial assumptions	
	2009	2008
Actual employer contribution – defined benefit section	20,25%	20,25%
– defined contribution section	18,00%	18,00%
Normal retirement age	60 years	60 years
Net discount rate – pre-retirement	1,50%	2,00%
– post-retirement	3,00%	3,00%

47.4 Post-employment benefits

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement medical aid employer contributions on an accrual basis using the projected unit credit method.

The members of medical aid schemes, entitled to a post-employment medical scheme subsidy at 30 June, were 12 309 in-service members (2008: 13 445), and 6 484 (2008: 6 450) pensioners.

47.4.1 Health care arrangement assumptions

It was assumed that the Employer's health care arrangements and subsidy policy would remain as outlined in the accounting policy and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidy from in-service members to retiree members within the medical scheme are sustainable and will continue.

It was further assumed that the subsidy would continue until the last survivor's death, for eligible members and their spouses and to age 21, if earlier, for dependent children.

Continuation of membership

It was assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the Entity will remain on the employer's health care arrangements.

Family profile

Family profile was based on actual data and therefore no assumptions had to be made.

Plan assets

There are currently no long-term assets to set aside off-balance sheet in respect of the employer's post-employment health care liability.

47.4.2 Retirement pension benefits

For past service of employees and retired employees, the Entity recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension at 30 June 2009 was 46 (2008: 52) employees, and 149 (2008: 191) pensioners.

Plan assets

There are currently no long-term assets set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

	Post-retirement scheme defined benefit obligations					
	2009			2008		
	Health care benefits R'000	Retirement pension benefits R'000	Total R'000	Health care benefits R'000	Retirement pension benefits R'000	Total R'000
Present value of unfunded liability	2 552 756	16 823	2 569 579	2 125 308	16 244	2 141 552
Unrecognised actuarial gains/(losses)	(462 529)	(2 120)	(464 649)	(233 111)	(1 706)	(234 817)
Net liability in Statement of Financial Position	2 090 227	14 703	2 104 930	1 892 197	14 538	1 906 735
Amounts included in the Statement of Financial Performance						
Service costs	58 023	368	58 391	47 203	391	47 594
Interest costs	226 267	1 667	227 934	141 928	1 413	143 341
Actuarial losses recognised	1 131	4	1 135	–	–	–
Transitional liability recognised	–	–	–	184 077	–	184 077
Total included in profit and loss	285 421	2 039	287 460	373 208	1 804	375 012
Movement in the liability recognised in the Statement of Financial Position						
Balance at the beginning of the year	1 892 197	14 538	1 906 735	1 596 474	14 753	1 611 227
Net expense recognised in Statement of Financial Performance	285 421	2 039	287 460	373 208	1 804	375 012
Contributions paid	(87 391)	(1 874)	(89 265)	(77 485)	(2 019)	(79 504)
Net liability in Statement of Financial Position	2 090 227	14 703	2 104 930	1 892 197	14 538	1 906 735

The contributions paid are actual contributions paid by the Entity, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary, and actual contributions paid to members by the Entity.

	2009		2008	
	Health care benefits	Retirement pension benefits	Health care benefits	Retirement pension benefits
Key financial assumptions				
Discount rate	8,7%	8,7%	10,9%	10,8%
General inflation rate (CPI)	5,5%	6,5%	7,9%	8,9%
Health care cost inflation rate	7,5%	–	9,7%	–
Net effective discount rate	1,1%	2,1%	1,1%	1,7%
Pension increase rate – pensioners	–	3,0%	–	3,9%
Net effective discount rate – pensioners	–	5,5%	–	6,6%
Expected retirement age – females	60	–	60	–
– males	65	–	65	–

48 GUARANTEES AND CONTINGENT LIABILITY

48.1 Guarantees

The Entity issued the following guarantees:

- To Development Bank of South Africa (DBSA) for a loan to the Gugulethu Central Market Place (the Company) for the sum of R250 000. As at 30 June 2009, the Company was in arrears with its repayment of capital and interest to the DBSA to the sum of R472 708 (2008: R371 706).
- A bank guarantee of R346 727 as security for the lease of property.

48.2 Other contingent liabilities

Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are being addressed through mediation. The maximum unforeseen liability is estimated at R49,95 million (2008: R72,87 million).

Outstanding insurance claims

The estimated liability for insurance claims amounts to R72,82 million (2008: R56,79 million). The estimated amount was based on quotations, medical reports and letters of demand received. The merits of the liability must still be determined.

Loan agreements

The rate of interest payable on the structured loans and finance leases is based on certain underlying assumptions relating to the lender's statutory costs and the allowability of deductions for income tax purposes in connection with the loans. In the event of changes to the Income Tax Act or any other relevant legislation which impact on the loan structure costs, the lender is required to increase or decrease the future rate of interest payable on the loan or its remaining life in order to absorb the increase or decrease in costs.

Performance bonuses

The estimated liability for performance bonuses amounts to R12,67 million (2008: R23,00 million) and is only payable after the Annual Report has been tabled, and finally approved by Council.

49 RELATED PARTY DISCLOSURES

During the year, in the ordinary course of business, transactions between the City and the undermentioned entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.

Cape Town International Convention Centre (Pty) Ltd

The Convention Centre was established for Cape Town to become host to international conferences with the objective of promoting Cape Town as a tourism city.

The Economic Entity is the controlling shareholder of Convenco. The other (minority) shareholders are the Provincial Government Western Cape and Sunwest International. The minority interest is reflected in the Statement of Financial Position.

Municipality of Cape Town

	2009 R'000	2008 R'000
Percentage owned	50,18%	50,18%
Arm's length transactions for the year:		
Receivables	865	3 910
Service charges	8 644	10 386

Convenco has outsourced the management of its convention centre operating division in terms of a contract dated June 2001 to Amsterdam RAI.

Economic Entity

	2009 R'000	2008 R'000
Arm's length transactions for the year:		
Fixed management fees	3 061 555	2 926 749
Basic management fees	607 403	641 821
Incentive fee	4 317 168	6 611 678

City Improvement Districts (CIDs)

These entities were established to enable projects at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.

	Special rating area's
Percentage owned	
Arm's length transactions for the year:	
Receivables	1
Levies	56 772

Cape Metropolitan Transport Fund (CMTF)

Cape Metropolitan Transport Fund amounted to R152,51 million (2008: R149,50 million).

	Administrator			
	Economic Entity		Municipality of Cape Town	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Percentage owned				
Arm's length transactions for the year:				
Funds held on behalf of CMTF	152 513	149 499	152 513	149 499
Grants and transfers received	68 856	122 369	68 856	122 369
Interest paid	17 407	–	17 407	–
Revenue collected	4 692	–	4 692	–

49 RELATED PARTY DISCLOSURES CONTINUED

Epping City Improvement District

A director and member of key management is also the sole member of Just For You Business Support Services CC.

	Economic Entity		Municipality of Cape Town	
Arm's length transactions for the year:	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Just For You Business Support Services CC	595 052	513 033	–	–

Claremont Improvement District

An unsecured interest free loan with no repayment date has been advanced to Claremont Road Bypass Company.

Cape Town Central City Partnership

The Cape Town Central City Improvement District is managed by the Cape Town Central Partnership.

Khayelitsha Community Trust

The trust was established to promote economic activities for the upliftment of the local community. At year-end, the amount owing by the trust to the City amounted to R1,26 million (2008: R1,42 million).

Percentage owned

	Economic Entity		Trust	
			Municipality of Cape Town	
Arm's length transactions for the year:	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Receivable	1 262	1 420	1 262	1 420
Grants	7 837	–	7 837	–

Councillors

A number of councillors of the City hold positions in other entities, where they may have significant influence over the financial or operating policies of these entities. Accordingly, the following are considered to be such entities:

Councillor	Position held in entity	Entity	Nature
Anderson-Jardine, L	Managing Director	Sheen Industrial	
Cavanagh, G	Divisional Sales Director	Lithotech Sales Cape	
Christians, D	CFO	Advance South Africa Fair	
D'Alton, D	Manager	Muizenberg City Improvement District	
Dantile, P	Owner	Ubunye Technical Services	
Herron, B	Director/Shareholder	Green Market Square College (Pty) Ltd	
Joko, B	Member	Sizisa Ukhanyo Trading cc	Small business enterprise
Joseph, D	Administrator	Jikelela Labour Services	
Justus, C	Non-executive Director	Communicare	Housing developers
Lukas, A	Member	Seasons Find t/a Faras	Catering
Mkutswana, M	Member	Imuyeka Trading	
Purchase, F	Member	Regal Cycles cc	Small business enterprise
Purchase, F	Member	Fish Hoek Business Improvement District	
Serritslev, A	Director	Eisleben Business Park (Pty) Ltd	City project
Serritslev, A	Member	Cape Town Partnership	City improvement
Serritslev, A	Member	Philippi Development Initiative	City project

Executive Management

No business transactions took place between the Entity and key management personnel or their close family members during the year under review. Details relating to remuneration are disclosed in note 29.

	Interest rate	Loan number	Redeemable date	Balance at 30 June 2008 R'000	Received during the period R'000	Capitalised during the period R'000	Redeemed/written off during the period R'000	Balance at 30 June 2009 R'000
Local registered stock								
ABSA Investor Services	16,500%	830004515	2010	4 600	–	–	–	4 600
Standard Bank Nominees	14,650%	830011508	2014	6 800	–	–	–	6 800
CCT 01	12,570%	830014004	2023	1 000 000	–	–	–	1 000 000
CCT 02	11,615%	830016003	2024	–	1 200 000	–	–	1 200 000
CCT 01 Transaction costs				(2 136)	–	(865)	(203)	(2 798)
Total local registered stock				1 009 264	1 200 000	(865)	(203)	2 208 602
Annuity loans								
ABSA Bank	11,150%	830000000	2010	15 231	–	–	7 203	8 028
ABSA Bank	11,150%	830000450	2010	11 763	–	–	5 562	6 201
Total annuity loans				26 994	–	–	12 765	14 229
Other loans								
FirstRand Bank	13,325%	830001690	2008	8 291	–	–	8 291	–
FirstRand Bank	13,962%	830001700	2008	4 154	–	–	4 154	–
Future Syndications	13,226%	830000910	2008	200 000	–	–	200 000	–
ABSA Bank	14,383%	830000440	2010	223 148	–	41 095	–	264 243
FirstRand Bank	12,122%	830001710	2011	51 318	–	–	14 429	36 889
FirstRand Bank	12,923%	830000880	2013	86 849	–	–	12 639	74 210
DBSA	12,250%	83001051	2015	181 844	–	–	25 978	155 866
FirstRand Bank	12,631%	830003504	2017	200 300	–	–	5 816	194 484
ABSA Bank	10,900%	830007011	2018	200 000	–	–	20 000	180 000
DBSA	10,590%	83001050	2018	339 161	–	–	33 916	305 245
FirstRand Bank	12,046%	830009531	2018	210 000	–	–	20 000	190 000
Nedcor Bank	1,000%	830000920	2019	50	–	–	–	50
DBSA	5,000%	830012028	2020	48 000	–	–	4 000	44 000
DBSA	9,420%	830012035	2020	112 000	–	–	9 333	102 667
DBSA	9,639%	830013000	2022	193 333	–	–	13 333	180 000
DBSA	10,565%	830013507	2022	193 333	–	–	13 333	180 000
Total other loans				2 251 781	–	41 095	385 222	1 907 654
Finance leases								
Investec	14,343%	830000870	2011	24 604	–	–	5 860	18 744
SCMB	15,209%	830000890	2011	81 664	–	–	4 688	76 976
Nedbank	14,544%	860000860	2012	62 744	–	–	1 502	61 242
Total finance leases				169 012	–	–	12 050	156 962
Controlled entities								
CID Claremont Road Co.: DBSA			2011	8 442	11 795	–	–	20 237
CTComm. Housing Comp.: NHFC	13,000%		2014	3 784	–	–	3 784	–
CTComm. Housing Comp.: DIGH	7,120%		2016	1 208	–	–	1 208	–
CTComm. Housing Comp.: DIGH	5,740%		2016	3 651	–	–	3 651	–
CTComm. Housing Comp.: NHFC	15,500%			11 217	–	–	11 217	–
Total controlled entities				28 302	11 795	–	19 860	20 237
Total external loans				3 485 353	1 211 795	40 230	429 694	4 307 684

APPENDIX B ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
AS AT 30 JUNE 2009 – ECONOMIC ENTITY

			Cost		
	Opening balance R'000	Transfers/ adjustments R'000	Additions R'000	Disposals R'000	Closing balance R'000
Land and buildings					
Land	211 050	18 077	219 168	(178)	448 117
Buildings	2 882 883	89 390	84 197	(311)	3 056 159
	3 093 933	107 467	303 365	(489)	3 504 276
Infrastructure					
Assets under construction	1 652 546	(834 782)	1 986 812	–	2 804 576
Drains	414 550	41 822	22 228	–	478 600
Roads	2 861 264	196 715	72 023	–	3 130 002
Beach improvements	26 569	–	836	–	27 405
Sewerage mains and purification	1 034 259	31 530	24 834	–	1 090 623
Electricity peak load equipment and mains	2 517 409	505 355	88 553	–	3 111 317
Reservoirs – water	393 580	436	2 987	–	397 003
Water mains and purification	1 836 545	42 941	42 010	–	1 921 496
	10 736 722	(15 983)	2 240 283	–	12 961 022
Community assets					
Assets under construction	1 694 624	(231 598)	1 738 176	–	3 201 202
Parks and gardens	20 196	886	115	–	21 197
Libraries	124 169	33 380	16 631	–	174 180
Recreation facilities	69 250	128 399	76 688	–	274 337
Civic buildings	227 347	21 545	53 758	–	302 650
	2 135 586	(47 388)	1 885 368	–	3 973 566
Heritage assets					
Painting and art galleries	9 145	(394)	704	(15)	9 440
	9 145	(394)	704	(15)	9 440
Leased assets					
Infrastructure and other	398 956	(828)	–	–	398 128
	398 956	(828)	–	–	398 128
Other assets					
Assets under construction	239 878	(193 141)	144 213	–	190 950
Landfill sites	381 897	76 800	55 347	–	514 044
Furniture, fittings and equipment	303 056	9 787	49 303	(8 799)	353 347
Bins and containers	29 976	361	3 140	(2)	33 475
Emergency equipment	25 725	140	6 491	(497)	31 859
Motor vehicles and watercraft	740 866	33 762	135 802	(23 995)	886 435
Specialised vehicles	471 463	(2 501)	92 510	(29 367)	532 105
Computer equipment	666 422	27 055	132 147	(26 463)	799 161
Animals	–	–	53	–	53
	2 859 283	(47 737)	619 006	(89 123)	3 341 429
Housing rental stock	1 140 876	1 151	9 660	(3 443)	1 148 244
Total	20 374 501	(3 712)	5 058 386	(93 070)	25 336 105
Investment properties	128 651	158	806	–	129 615
Intangible assets	265 099	4 060	27 661	(56)	296 764
Assets held-for-sale	385	(385)	–	–	–
Total	20 768 636	121	5 086 853	(93 126)	25 762 484

Accumulated depreciation						
Opening balance R'000	Transfers/ adjustments R'000	Impairment R'000	Additions R'000	Disposals R'000	Closing balance R'000	Carrying value R'000
(36 032)	–	(136 022)	–	–	(172 054)	276 063
(1 472 558)	(90)	–	(90 146)	119	(1 562 675)	1 493 484
(1 508 590)	(90)	(136 022)	(90 146)	119	(1 734 729)	1 769 547
–	–	–	–	–	–	2 804 576
(174 695)	2	–	(13 505)	–	(188 198)	290 402
(1 430 800)	(2)	–	(60 545)	–	(1 491 347)	1 638 655
(17 512)	–	–	(357)	–	(17 869)	9 536
(334 452)	(53)	–	(54 895)	–	(389 400)	701 223
(1 199 835)	(65)	–	(106 793)	–	(1 306 693)	1 804 624
(229 148)	–	–	(16 137)	–	(245 285)	151 718
(815 195)	(1 021)	–	(65 041)	–	(881 257)	1 040 239
(4 201 637)	(1 139)	–	(317 273)	–	(4 520 049)	8 440 973
–	–	–	–	–	–	3 201 202
(3 018)	–	–	(658)	–	(3 676)	17 521
(46 015)	–	–	(2 399)	–	(48 414)	125 766
(23 731)	–	–	(2 224)	–	(25 955)	248 382
(108 142)	35	–	(9 263)	–	(117 370)	185 280
(180 906)	35	–	(14 544)	–	(195 415)	3 778 151
–	–	–	–	–	–	9 440
–	–	–	–	–	–	9 440
(237 503)	83	–	(27 004)	–	(264 424)	133 704
(237 503)	83	–	(27 004)	–	(264 424)	133 704
–	–	–	–	–	–	190 950
(104 286)	–	–	(40 307)	–	(144 593)	369 451
(153 095)	51	–	(44 593)	8 164	(189 473)	163 874
(25 496)	–	–	(1 727)	2	(27 221)	6 254
(14 259)	–	–	(3 357)	494	(17 122)	14 737
(406 680)	(9 345)	(261)	(63 824)	20 923	(459 187)	427 248
(279 291)	10 352	–	(21 316)	27 616	(262 639)	269 466
(427 551)	(58)	–	(78 773)	24 974	(481 408)	317 753
–	–	–	–	–	–	53
(1 410 658)	1 000	(261)	(253 897)	82 173	(1 581 643)	1 759 786
(483 542)	–	–	(26 318)	2 756	(507 104)	641 140
(8 022 836)	(111)	(136 283)	(729 182)	85 048	(8 803 364)	16 532 741
(33 575)	(53)	–	(4 441)	–	(38 069)	91 546
(244 996)	–	–	(18 983)	36	(263 943)	32 821
(143)	143	–	–	–	–	–
(8 301 550)	(21)	(136 283)	(752 606)	85 084	(9 105 376)	16 657 108

APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2009

	2009			2008		
	Actual income R'000	Actual expenditure R'000	Surplus/ (deficit) R'000	Actual income R'000	Actual expenditure R'000	Surplus/ (deficit) R'000
Business units						
Executive and Council	8 461	151 438	(142 977)	5 728	191 003	(185 275)
Budget and Treasury office	6 378 665	1 847 231	4 531 434	5 974 589	1 995 413	3 979 176
Corporate services	422 325	924 577	(502 252)	292 602	1 024 271	(731 669)
Planning and development	139 889	394 782	(254 893)	162 774	326 150	(163 376)
Health	203 882	400 711	(196 829)	176 847	341 738	(164 891)
Community and social services	77 531	357 722	(280 191)	42 475	298 563	(256 088)
Housing	658 229	818 659	(160 430)	404 947	666 715	(261 768)
Public safety	271 395	1 337 417	(1 066 022)	221 457	1 183 143	(961 686)
Sport and recreation	1 927 021	798 758	1 128 263	877 183	674 803	202 380
Environmental protection	15 572	157 586	(142 014)	12 542	117 443	(104 901)
Waste management	1 239 690	1 222 517	17 173	1 200 141	1 170 936	29 205
Wastewater management	1 366 370	1 144 078	222 292	1 136 050	898 053	237 997
Road transport	609 458	880 887	(271 429)	260 683	817 915	(557 232)
Water	2 213 578	2 385 723	(172 145)	2 201 252	1 890 981	310 271
Electricity	4 779 061	4 305 134	473 927	3 494 664	3 365 266	129 398
Other: tourism	3 151	50 871	(47 720)	1 055	45 054	(43 999)
Subtotal	20 314 278	17 178 091	3 136 187	16 464 989	15 007 447	1 457 542
Inter-departmental charges	3 306 838	3 306 838	–	2 949 441	2 949 441	–
Total	17 007 440	13 871 253	3 136 187	13 515 548	12 058 006	1 457 542
Adjustments at consolidation	–	14 187	(14 187)	236	10 023	(9 787)
Total Municipality of Cape Town	17 007 440	13 885 440	3 122 000	13 515 784	12 068 029	1 447 755
Controlled entities						
Cape Town International Convention Centre (Pty) Ltd	133 038	118 901	14 137	139 435	99 693	39 742
City Improvement Districts	60 356	56 752	3 604	56 256	51 458	4 798
Cape Town Community Housing Company (Pty) Ltd	–	–	–	24 750	17 789	6 961
Philippi East Trading Centre (Pty) Ltd	–	–	–	13	2	11
RED One	–	–	–	166	166	–
Total controlled entities	193 394	175 653	17 741	220 620	169 108	51 512
Inter-company charges	(65 434)	(65 434)	–	(61 908)	(61 908)	–
Total Economic Entity before taxation	17 135 400	13 995 659	3 139 741	13 674 496	12 175 229	1 499 267
Share of surplus of associate, accounted for under the equity method			(4 549)			(16 194)
Taxation			(5 067)			(7 126)
Total			3 130 125			1 475 947

	Actual R'000	Budget R'000	Variance R'000	Variance %	Explanation of significant variances greater than 10%
Revenue					
Property rates	3 237 649	3 381 612	143 963	4,26%	
Service charges	7 057 419	7 164 287	106 868	1,49%	
Rental of letting stock and facilities	219 609	212 340	(7 269)	(3,42%)	
Finance income	666 643	488 316	(178 327)	(36,52%)	Actual interest earned mainly due to higher-than-budgeted cash holdings during the year.
Fines	183 283	170 998	(12 285)	(7,18%)	
Licences and permits	31 337	33 212	1 875	5,65%	
Income for agency services	109 222	115 993	6 771	5,84%	
Government grants and subsidies: operating	2 273 951	2 253 222	(20 729)	(0,92%)	
Government grants and subsidies: capital	2 900 886	2 981 458	80 572	2,70%	
Other income	202 446	217 629	15 183	6,98%	
Donated property, plant and equipment	69 424	96 357	26 933	27,95%	The income from connection fees is lower than the amount originally budgeted for due to a fall in demand by developers.
Gains on disposal of property, plant and equipment	183 531	41 794	(141 737)	(339,13%)	Gains due to higher-than-expected proceeds from assets sold.
Total revenue	17 135 400	17 157 218	21 818	0,13%	
Expenditure					
Employee-related costs	4 570 882	4 884 320	(313 438)	(6,42%)	
Remuneration of councillors	77 709	79 279	(1 570)	(1,98%)	
Impairment costs	903 177	786 880	116 297	14,78%	PGWC only paid a portion of the claim for expenses incurred for xenophobia refugees and an unbudgeted balance of R47,00 million written off, and an unbudgeted increase for impairment of water bad debt.
Collection costs	159 579	167 847	(8 268)	(4,93%)	
Depreciation and amortisation expenses	752 606	971 724	(219 118)	(22,55%)	Due to adjustments of useful lives of infrastructure assets and assets under construction being depreciated.
Repairs and maintenance	915 611	846 368	69 243	8,18%	
Finance costs	407 938	390 586	17 352	4,44%	
Bulk purchases	2 880 965	2 899 316	(18 351)	(0,63%)	
Contracted services	729 674	698 505	31 169	4,46%	
Grants and subsidies paid	125 144	126 703	(1 559)	(1,23%)	
General expenses – other (including abnormal expenses)	2 454 694	2 625 180	(170 486)	(6,49%)	
Loss on disposal of discontinued operations	17 680	31	17 649	56 932,26%	Losses on housing land sold.
Total expenditure	13 995 659	14 476 739	(481 080)	(3,32%)	
Net surplus for the year before taxation	3 139 741	2 680 479	(459 262)	(17,13%)	

APPENDIX D2 ACTUAL VS BUDGET OF THE ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2009

	Actual R'000	Budget R'000	Variance R'000	Variance %	Explanation of significant variances greater than 5%
Executive and Council	10 562	11 307	745	6,59%	Subcouncil 18 , Tender/Contract 191/2008/09 in respect of new offices and parking facilities has resulted in savings identified by the contractor.
Budget and Treasury office	8 749	9 740	991	10,17%	Building of warehouse phase 1 was completed and savings arose due to the decrease in the price of steel.
Corporate services	137 474	143 203	5 729	4,00%	
Planning and development	74 752	76 359	1 607	2,10%	
Health	17 151	17 526	375	2,14%	
Community and social services	60 699	63 211	2 512	3,97%	
Housing	226 936	252 901	25 965	10,27%	New housing development projects are at various stages. Approved projects will continue in the new financial year.
Public safety	127 474	128 393	919	0,72%	
Sport and recreation	2 271 581	2 303 383	31 802	1,38%	
Environmental protection	14 365	14 983	618	4,12%	
Waste management	164 889	165 782	893	0,54%	
Road transport	747 859	782 939	35 080	4,48%	
Water	699 558	734 882	35 324	4,81%	
Electricity	496 871	517 825	20 954	4,05%	
Other: tourism	1 421	1 631	210	12,88%	Unforeseen delays in projects. To be completed in new financial year.
Controlled entities					
Cape Town International Convention Centre (Pty) Ltd	12 910	21 427	8 517	39,75%	Lower than budgeted expenditure mainly due to the downswing in the economy. Capital projects will be completed at a future date.
City Improvement Districts	13 602	–	(13 602)	n/a	
Total	5 086 853	5 245 492	158 639	3,02%	

National and Provincial grant funds 2008/9

Department	Description	Funding source	Income R'000	Expenditure R'000
Budget	Restructuring grant – seed funding	State	750	114 911
Development services	Municipal infrastructure grants – N2 Gateway	Municipal infrastructure grants	245 447	378 360
Economic and social development	Khayelitsha Poverty Reduction Programme	PGWC	–	4
Economic development and tourism	Philippi East Market	PGWC	–	192
Electricity	DME – INEP	Dept. Mineral energy	22 982	22 076
Electricity	Khayelitsha urban renewal	State	–	6 047
Emergency services	Helicopter standby	PGWC	425	871
Health	Vaccines	PGWC	55 177	59 352
Health	Health and hygiene education: informal settlement	State – DWEA	1 000	97
Housing	Php facilitation grants	PGWC	285 657	320 424
Housing	Accreditation: development support	State	2 000	305
Libraries	Public library fund	PGWC	14 852	14 696
Planning and environment	Tafelsig multi-purpose centre	PGWC	–	419
Planning and environment	Department of Tourism – Danida	State	15 000	8 744
Property management	Sale of Land: State – Dept Public Works	State	45 514	–
Protection services	CCTV Cameras – urban renewal	PGWC	–	194
Service delivery integration	2010 FIFA World Cup: Green Point	PGWC	212 000	212 000
Service delivery integration	Mitchells Plain urban renewal	State	16 427	9 407
Service delivery integration	2010 FIFA World Cup: Green Point	State – Dept Sport and Recreation	1 070 845	1 601 122
Sport and recreation	Wesbank Sport Complex	PGWC	–	38 579
Sport and recreation	Khayelitsha Wall of Remembrance	State	–	153
Transport, roads and stormwater	MTAB projects – State	MTAB – State	–	(19)
Transport, roads and stormwater	Widen Lotus Canal: Duinefontein NY3	PGWC	–	65 384
Transport, roads and stormwater	Public transport infrastructure	State – transport	318 642	330 425
Water	DWEA: Implementation water demand	State – DWEA	4 455	3 883
Total			2 311 173	3 187 626
Grants delayed				
Development services (grants claimed but not yet paid)	Neighbourhood development programme	State – NDP	26 829	49 292
Conditions not met				
Water (report being finalised)	Department of Water and Environmental Affairs: demand management	State – DWEA	800	291
Total			27 629	49 583
Grand total			2 338 802	3 237 209

REPORT OF THE AUDITOR-GENERAL TO PROVINCIAL PARLIAMENT AND COUNCIL ON THE GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

- 1 I have audited the accompanying group financial statements and financial statements of the City of Cape Town which comprise the consolidated and separate statement of financial position as at 30 June 2009, and the consolidated and separate statement of financial performance, the consolidated and separate statement of changes in net assets and the consolidated and separate cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 60 to 124.

The accounting officer's responsibility for the financial statements

- 2 The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and in the manner required by the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2008 (Act No. 2 of 2008) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

- 3 As required by Section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) read with Section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and Section 126(3)(a) of the MFMA, my responsibility is to express an opinion on these financial statements based on my audit.
- 4 I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- 6 Paragraph 11 *et seq.* of the Standards of Generally Recognised Accounting Practice, GRAP 1, *Presentation of Financial Statements* requires that financial reporting by entities shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. As the budget reporting standard is not effective for this financial year, I have determined that my audit of any disclosures made by the City of Cape Town in this respect will be limited to reporting on non-compliance with this disclosure requirement.
- 7 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

- 8 In my opinion these financial statements present fairly, in all material respects, the consolidated and separate financial position of the City of Cape Town as at 30 June 2009 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended, in accordance with Standards of GRAP and in the manner required by the MFMA and DoRA.

Emphasis of matters

9 Without qualifying my opinion, I draw attention to the following matters:

Amendments to the applicable basis of accounting

10 As set out in note 1.2.2 to the financial statements, the National Treasury allowed the City of Cape Town a departure from the basis of accounting, resulting in the consolidated financial statements excluding the Khayelitsha Community Trust and its related entities. The results of the Khayelitsha Community Trust and its related entities are also detailed in note 1.2.2 to the financial statements.

Restatement of corresponding figures

11 As disclosed in note 46.3 to the financial statements, the corresponding figures for 30 June 2008 have been restated as a result of, amongst others, an error discovered during 2009 relating to the accrual of revenue from service charges and fines in the financial statements of the City of Cape Town at, and for the year ended, 30 June 2008.

OTHER MATTERS

12 I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Unaudited supplementary schedules

13 The supplementary information set out on pages 125 to 131 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Non-compliance with applicable legislation

MFMA

14 A fraud prevention plan was not in place for the Cape Town International Convention Centre Company (Proprietary) Limited as required by Section 95(c)(i) of the MFMA.

Governance framework

15 The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting officer and executive management and are reflected in the key governance responsibilities addressed below.

Key governance responsibilities

16 The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No. Matter		Economic Entity		Municipality of Cape Town	
		Y	N	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner					
1	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	•		•	
Quality of financial statements and related management information					
2	The financial statements were not subject to any material amendments resulting from the audit.		•		•
3	The annual report was submitted for consideration prior to the tabling of the auditor's report.	•		•	
Timeliness of financial statements and management information					
4	The annual financial statements were submitted for auditing as per the legislated deadlines in Section 126 of the MFMA.	•		•	
Availability of key officials during audit					
5	Key officials were available throughout the audit process.	•		•	
Development and compliance with risk management, effective internal controls and governance practices					
6	Audit committee				
	• The Municipality had an audit committee in operation throughout the financial year.	•		•	
	• The audit committee operates in accordance with approved, written terms of reference.	•		•	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in Section 166(2) of the MFMA.	•		•	
7	Internal audit				
	• The Municipality had an internal audit function in operation throughout the financial year.	Not applicable		•	
	• The internal audit function operates in terms of an approved internal audit plan.	Not applicable		•	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Section 165(2) of the MFMA.	Not applicable		•	
8	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	•		•	
9	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	•		•	
10	The information systems were appropriate to facilitate the preparation of the financial statements.	•		•	
11	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in Section 62(1)(c)(i) of the MFMA.	Not applicable		•	
12	Delegations of responsibility are in place, as set out in Section 79 of the MFMA.	•		•	

No. Matter		Economic Entity		Municipality of Cape Town	
		Y	N	Y	N
Follow-up of audit findings					
13	The prior year audit findings have been substantially addressed.	•			•
14	SCOPA/Oversight resolutions have been substantially implemented.	Not applicable		•	
Issues relating to the reporting of performance information					
15	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	Not applicable			•
16	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	Not applicable			•
17	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Municipality against its mandate, predetermined objectives, outputs, indicators and targets set out in Section 68 of the MFMA.	Not applicable		•	
18	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	Not applicable		•	

- 17 The material amendment to the annual financial statements for the Economic Entity relates to a correction made in the calculation of cash receipts from ratepayers, government and other and cash paid to suppliers and employees. The material amendment to the annual financial statements for the Municipality of Cape Town related to the omission of disclosure required by the supply chain management regulations. This material amendment was identified by the auditors during the audit and not the internal controls of the Municipality. This situation could have led to a qualified opinion had the annual financial statements not been adjusted during the audit. An understanding of the financial reporting objectives must be created with staff of the Municipality to mitigate the risks over financial reporting. Furthermore, there should also be a discipline to produce monthly financial statements and management information for review by management.
- 18 The implementation of audit recommendations for the Municipality of Cape Town requires improved monitoring and supervision by management.
- 19 The information system framework is not detailed enough to facilitate the preparation of a performance report that is accurate and complete. Furthermore, detailed standard operating procedures setting out the roles and responsibilities of all levels of staff involved in the collection and collation of performance information, from source document to reporting, have not been prepared and communicated throughout the entire municipality. This is indicative of a situation where adequate control processes and procedures were not designed and implemented to ensure the accuracy and completeness of reported performance information and adequate mechanisms were not established to monitor and review the performance management system as required by Section 40 of the Municipal Systems Amendment Act, 2003 (Act No. 44 of 2003).

Investigations

- 20 The City of Cape Town had commissioned forensic investigations into several possible fraudulent and/or irregular acts by officials and suppliers. The monetary amount of the highest priority cases totalled R14,9 million.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

21 I have reviewed the performance information as set out on pages 146 to 167.

The accounting officer's responsibility for the performance information

22 In terms of Section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality, prepared by the municipality in terms of Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

The Auditor-General's responsibility

23 I conducted my engagement in accordance with Section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and Section 45 of the MSA.

24 In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

25 I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the findings reported below.

Findings on performance information

Usefulness and reliability of reported performance information

26 The following criteria were used to assess the usefulness and reliability of the information on the Municipality's performance with respect to the objectives in its annual performance plan:

- Consistency: Has the Municipality reported on its performance with regard to its objectives, indicators and targets in its approved integrated plan?
- Relevance: Is the performance information as reflected in the indicators and targets clearly linked to the predetermined objectives and mandate? Is this specific and measurable, and is the time period or deadline for delivery specified?
- Reliability: Can the reported performance information be traced back to the source data or documentation and is the reported performance information accurate and complete in relation to the source data or documentation?

27 The following audit findings relate to the above criteria:

Reported performance information not reliable

28 The reported performance information for the Municipality, for the objective and indicators selected for review, could not be confirmed due to the lack of formally documented processes for collecting and collating data from the original source data to the information recorded on an Excel spreadsheet and reflected in the annual report. Furthermore, the performance information recorded in the Excel spreadsheets are not authorised by the responsible managers at the different departments.

29 The four indicators that were reviewed under *percentage of households with access to basic levels of sanitation, water, electricity and solid waste removal*, are not measurable and verifiable as it is not possible to adequately validate the processes and systems that produce the data for the indicators, as estimated figures were used.

30 The reported information in the annual report, for the objective and indicators selected for review, is materially inconsistent with the evidence obtained during the audit. The estimated figures reported by the different departments differed materially from figures obtained from the strategic and planning directorate and from the actual figures reflected on the SAP system.

OTHER REPORTS

Special audits

31 As requested by the Municipality, an agreed-upon procedures engagement was conducted during the year under review related to the Municipality's Domestic Medium-term Note Programme and the second issue of notes thereto. The procedures performed were in terms of the listing requirements as stipulated by the Bond Exchange of South Africa and included, amongst others, a review of the compliance with the Municipal Regulations on Debt Disclosure issued in terms of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and the accuracy of the information presented in the pricing supplement supplied to prospective subscribers of the notes. The report covered information presented in the annual report for 30 June 2008 and was submitted to the Municipality on 12 June 2009.

APPRECIATION

32 The assistance rendered by the staff of the City of Cape Town and the other entities of the group during the audit is sincerely appreciated.

Auditor-General

Cape Town
12 January 2010



MANAGEMENT COMMENTS AND CORRECTIVE ACTION TO BE INSTITUTED ON THE MATTERS RAISED IN THE REPORT OF THE AUDITOR-GENERAL TO THE COUNCIL ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CITY OF CAPE TOWN FOR THE YEAR ENDED 30 JUNE 2009 IN TERMS OF SECTION 121(4)(e) OF THE MUNICIPAL FINANCE MANAGEMENT ACT, NO. 56 OF 2003

The unqualified audit report contains certain issues for which comments are provided below, where relevant. The paragraph references correspond with the references in the Audit Report and paragraphs for which no comments are provided are noted.

Amendments to the applicable basis of accounting

10 As stated in paragraph 10 of your report National Treasury allowed the City a departure from the accounting reporting framework, resulting in the Consolidated Financial Statements excluding the Khayelitsha Community Trust and its related entities. This concession was as result of a disagreement between the Auditor-General and the City with regard to the power of the City to control or influence the financial and operational policies of the Trust. The City's view is, despite it having the power to control the composition of the Board of Trustees, the City has no influence over the financial and operational policies of the Trust since the activities of the Trust are tightly defined by the stipulations of the trust deed. It is the City's view that the inclusion of the Trust will not be 'a faithful representation of its transactions, other events and conditions' in accordance with the framework for the preparation and presentation of financial statements in relation to fair presentation. The City's view is supported by legal opinion and Senior Counsel. National Treasury has committed itself to resolve the issue before the end of the next financial year as they were not in a position to provide a ruling at the time of the signing of the annual financial statements.

Restatement of corresponding figures

11 The City had restated its comparative figures in the financial statements due to the adoption of the revised and new accounting standards, changes to the accounting policies and also to the correction of prior year errors.

Non-compliance with applicable legislation

14 We do not agree with the statement in the report that the Cape Town International Convention Centre is required in terms of Section 95(c)(i) of the MFMA to have a fraud prevention plan. It states that the entity should have and maintain effective, efficient and transparent systems of financial and risk management and internal control. If it is the Auditor-General's view that these systems would be enhanced by a 'fraud prevention plan' this should not be stated in a way which implies that not having such a plan is a case of non-compliance with applicable legislation.

Key governance responsibilities

17 We do not disagree with the material amendment which had to be made. They were as a result of oversight and a transposition error in the formula. The City does not agree, however, that there is no understanding of the financial reporting objectives. There is a system of financial reporting in place with the management information which fully suffices for the City's purposes.

18 We do not agree with your statement regarding the need to improve the monitoring and supervision by management since there are monthly and quarterly reports being submitted to the Executive Management Team and the Audit Committee for oversight and the monitoring of progress.

19 The Auditor-General has interpreted the legislative requirement regarding the level of detail required in the framework differently to the City. The City's framework goes down to a level that identifies the Executive Director and Director in terms of their roles and responsibilities and has developed a performance management system that monitors and reviews performance on a quarterly basis to that level. The Auditor-General's interpretation of a framework is that it should also contain operational detail, including the roles and responsibilities of all role-players to source, per indicator. The City has embarked on a process to document the operational detail and roles and responsibilities per indicator. The process will conclude with Council approval in May 2010.

Investigations

20 The investigations are continuing.

Reported performance information not reliable

28 The City has embarked on a process to document the operational detail and roles and responsibilities per indicator. The process will conclude with Council approval in May 2010. The process of authorising performance information at the different departments was already in place. The non-compliance to standard procedure was due to oversight.

29 The City has embarked on a process to document the operational detail and roles and responsibilities per indicator. The process will conclude with Council approval in May 2010.

30 The City has embarked on a process to document the operational detail and roles and responsibilities per indicator. The process will conclude with Council approval in May 2010.

REPORT OF THE AUDIT COMMITTEE TO THE EXECUTIVE MAYORAL COMMITTEE AND COUNCIL OF THE CITY OF CAPE TOWN

The Committee presents its report for the financial year ended 30 June 2009.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Committee, consisting of a minimum of five members listed below, should meet at least four times per annum as per its approved terms of reference; additional special meetings may be called as the need arises. During the year under review, four Audit Committee meetings were held, as well as a meeting with the City Manager. Although no specific meetings are held with the Auditor-General, they are in attendance at all Audit Committee meetings.

Name of Member	Number of meetings attended
Mr AA Mahmood (Chairperson)	4
Ms BD Engelbrecht	1
Ms KR Moloko (Appointed 27 August 2008)	3
Mr MR Burton (Reappointed 30 March 2009)	4
Mr RS Schur (Term completed 28 February 2009)	2
Mr ZI Manjra (Appointed 30 March 2009)	1

AUDIT COMMITTEE RESPONSIBILITY

The Committee reports that it has, as far as possible, complied with its responsibilities arising from its terms of reference, including relevant legislative requirements.

REVIEW AND EVALUATION OF THE GROUP FINANCIAL STATEMENTS

The Committee is pleased that the Auditor-General issued an unqualified audit opinion on the Group Financial Statements of the City for the year ended 30 June 2009. These financial statements are prepared in accordance with the standards of GRAP and in a manner required by the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). The Committee draws attention to the emphasis of matters and other paragraphs contained in the Auditor-General's report.

EFFICIENCY AND EFFECTIVENESS OF INTERNAL CONTROL

The Committee has considered:

- the work performed by Internal Audit on a quarterly basis;
- the Internal Audit Annual Report on the Status of Internal Controls for the City; and
- the work performed by other assurance providers used in the assessment of the City's control environment.

The Committee wishes to highlight the following areas that require attention:

- Continuous awareness of the Code of Conduct and its application was lacking.
- Policies and procedures relating to declaration of interest were inadequate to give effect to the Code of Conduct.
- Compliance with existing policies related to declaration of interest was not adequately monitored and followed up with corrective action.
- Delegation of authority and assignment of responsibility were reviewed and updated, however certain sub-delegations need to be improved.

Sustainability

- Major concerns include the lack of capital expenditure to upgrade infrastructure; human resources to effectively implement a formal environmental management programme; a risk management programme; an emergency response plan; and an integrated corporate Occupational Health and Safety Policy.

Legislation, regulations, policies, procedures and record retention

- There is inconsistent application of policies due to poor communication of updated policies.
- In many areas policies and procedures still had to be formalised and documented, while in other areas inconsistent legacy policies were still in operation.
- There is inadequate record retention in the City which has sometimes resulted in insufficient evidence to support decisions and transactions.

Project management

A project office was established during the 2006/7 financial year, but the desired outcome of efficient and effective project management has not as yet been achieved due to the lack of:

- an approved organogram;
- an approved project management methodology;
- service level agreements with Directorates; and
- project management skills and competence.

Information technology

- The City lacks a formal IT strategy which clearly links IS&T initiatives to organisational objectives.
- Master data audits revealed that some automated controls together with related management controls were lacking which has resulted in inaccurate and/or incomplete data.

Internal Audit

In comparison to the prior financial year, there has been an improvement in the rate of addressing internal audit findings as measured in the corporate scorecard.

The maintenance of good corporate governance has been enhanced by Directorate Internal Audit through the following achievements during the year:

- the establishment of a Quality Assurance Department to ensure that quality standards are achieved;
- achieved a rating of the highest level of conformity as per an external quality assessment performed; and
- achieved a level 4 rating in terms of the Draft Internal Audit Capability Maturity Level Model by an independent quality assessor.

SCOPA

The Standing Committee on Public Accounts (SCOPA) has become more established in the organisation, as indicated by the matters referred to it for investigation and recommendations, which were supported by Council for implementation. This has strengthened the oversight function within the City.

PERFORMANCE MEASUREMENT

There has been consistent improvement in the method of reporting the performance of the City.

Biannual reports were submitted to Council, reporting on the Committee's assessment of the City's Performance Management System for 2008/9.

The Committee wishes to highlight the following areas that require attention:

- The IDP and the Corporate SDBIP were aligned in terms of its focus areas and objectives. However, controls were inadequate to ensure alignment between the Corporate and Directorate SDBIPs.
- Roles, responsibilities and corporate procedures pertaining to target setting, as well as the review and retention of evidence for measurements, were not adequately defined and implemented.
- A remuneration policy was finalised to formalise employee compensation, linked to performance. However, the Performance Management System was not completely rolled out to all employees.
- Supporting evidence guidelines for both corporate performance as well as the individual performance assessments were not formally defined, communicated and monitored by the responsible corporate sections.

Subsequent to an audit on the evaluation of indicators and targets stipulated in the Corporate and Directorate SDBIP, the corporate scorecard measurements were redefined by the Executive Management Team to ensure that the scorecard going forward is clearly measurable and adequately defined.

The Committee recommended that the roll-out of a Staff Performance Management System to the entire organisation should be prioritised, as the lack thereof could hamper service delivery in the City.

RISK MANAGEMENT

The City has made consistent progress in the risk management area, with the establishment of the Risk Management Committee during 2008/9. A member of the Audit Committee serves on the Risk Management Committee to facilitate co-ordination between the two committees.

Risk workshops were conducted within the organisation, with risk registers being developed and updated. Risk champions were nominated and trained for the various directorates and risks were prioritised.

Further initiatives required to embed risk management in the organisation includes the finalisation and approval of risk management frameworks and policies and the formalisation and approval of the roles and responsibilities of risk management stakeholders.

CONCLUSION

The Committee is pleased with the unqualified opinion as expressed by the Auditor-General on the Group Financial Statements of the City of Cape Town for the year ended 30 June 2009. There have been a number of improvements during the year in the overall governance, internal control, risk management and performance management. The Committee concurs and accepts the conclusions of both the Directorate Internal Audit and the Auditor-General.

The Committee recommends the acceptance of the Audited Group Financial Statements for the year ended 30 June 2009.



AA Mahmood

Chairperson of the Audit Committee

28 December 2009



The Adderley Street flower sellers have been a local institution for over a century















Annexures

ANNEXURE A: 2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
Strategic focus area 1: Shared economic growth and development					
Corporate objective 1A: Creating an enabling environment for the economy to grow and become globally competitive					
1A.1 Number of direct job opportunities created (National Key Performance Indicator/NKPI)	9 500	10 177	10 600	10 613	
1A.2 Rand value of direct investment	R1,16 bn	R1,67 bn	R1,5 bn	R1,24 bn	
1A.3 Achieve year-on-year growth through destination marketing, facilitated through service-level agreement with destination marketing organisation	New	New	5%	4,7%	
1A.4 Number of job opportunities created through the expanded public works programme (EPWP), to contribute to the reduction of poverty and unemployment	12 000 (excluding the baseline)	12 501	12 000	16 379	
1A.5 Percentage of development applications finalised within statutory time frames Time frames Project: Land Use Management	New	72%	75%	99%	
1A.6 Percentage of development applications finalised within statutory time frames Time frames Project: Building Development Management	New	95%	96%	111% (including backlogs)	
Corporate objective 1B: Preparations to host the 2010 FIFA World Cup in accordance with FIFA's requirements and the City's development objectives					
1B.1 Adherence to the workstream objectives and programmes of the City's 2010 Business Plan	40% of stadium completed	36%	75% of stadium completed, measured in terms of actual construction	74% of stadium completed, measured in terms of actual construction	
	Completion of detailed design and specification for Green Point Common and golf course	0%	75% of Green Point Common and golf course reconfigured	24%	
	Detailed 2010 Transport Operating Plan 50% complete	20% complete	Detailed 2010 Transport Operating Plan 75% complete	75%	
	Finalise working model for 2010 footprint, i.e. fan parks, public viewing areas and training venues, in terms of affordability and resources	New	Implement and prepare detailed operating plans for 2010 footprint: 75% complete (excludes 7% completion of electricity reinforcement)	75%	
	Percentage compliance with all other workstreams in the 2010 Business Plan: 25%	61,33% electricity reinforcement completed	100% electricity reinforcement completed	90,22%	
1B.2 Completion of process to award stadium naming rights (Soccer World Cup) and appointment of long-term operator to manage stadium	Initial process to appoint operator reviewed and amended to include naming rights. Tender process completed and adjudication commenced	Operator appointed	Naming rights awarded and operator appointed	No appropriate tender received for naming rights Operator management agreement concluded. Operator appointed	

Rating key:

– Meets or exceeds target;
 – Does not meet target;
 – Information not available or work on hold;
 – Original target to be amended

Rating	Reason for positive/negative variance	Remedial action
	Target achieved.	Maintain the momentum.
	In the year under review, investments in priority sectors were increasingly seen as unfavourable due to the global financial and economic crisis.	Focus to continue on encouraging investment in priority sectors, and stimulating targeted business expansion in Cape Town in the 2009/10 financial year. Leveraging of the 2010 Soccer World Cup marketing and investment exposure will be a priority.
	This target was based on the 2006 economic growth trends. Due to the recent global economic downturn it was not feasible to achieve the set target.	The current scenario will be monitored and adjusted on an ongoing basis.
	A positive variance has been achieved as most projects were on target.	Maintain the momentum.
	The department has embarked on Project Clean Sweep, which entails the purification of data. It has also streamlined its business processes to reduce wastage.	The department will continue with data purification and streamlining.
	The figure exceeds 100% due to the processing of backlogs.	Maintain the momentum.
	The indicator is measured in terms of actual construction; however, a substantial portion of fabrication work has been completed off-site. The fitting of the latter will result in a rapid finalisation of on-site construction.	None required. Stadium scheduled to be completed by 14 December 2009.
	The Supply Chain Committee approved Tender 63Q/2009/9 on 19 December 2008. Construction commenced in Jan 2009.	Accelerated implementation programme. Both golf course and urban park components programmed to be completed by March 2010 in time for the 2010 FIFA World Cup.
	The programme is on track.	The operating plan is busy integrating physical transport projects and the safety and security plan.
	The programme is on track.	To maintain the positive results, co-ordination between 2010 World Cup events planning departments and the City's other functional departments will have to be strengthened.
	The targets are based on projected expenditure and include contingency provisions. The variation therefore represents milestone achievement within contingencies. The project is on track to meet 2009/10 requirements.	The project is on target in terms of the revised project programme, and is scheduled to meet 2009/10 business objectives.
	The operator management agreement is applicable from 6 February 2009 to 31 October 2010. The long-term lease agreement is scheduled to be submitted to Council for approval in August 2009.	The future process regarding naming rights will be reconsidered. The appointment of the long-term stadium operator is critical for the stadium's sustainability.

ANNEXURE A:
2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
Strategic focus area 2: Sustainable urban infrastructure and services					
Corporate objective 2A: Providing universal access to basic services					
2A.1 Percentage of households (HHs) with access to basic levels of sanitation (NKPI)	96% recalculated with updated City household statistics and functional service points	97,1%	97,5%	100% HH Coverage: 833 933	
2A.2 Percentage of HHs with access to basic level of water (NKPI)	100%	100%	100%	100% HH Coverage: 833 933	
2A.3 Percentage of HHs with access to basic levels of electricity (NKPI)	91,8%	92,5%	90,83%	90,76% HH Coverage: 793 149 HH Total: 873 897 (883 933 non-electrification households)	
2A.4 Percentage of HHs with access to basic levels of solid waste removal (NKPI)	99%	99%	99%	99% HH Coverage: 975 110 HH Total: 984 960	
Corporate objective 2B: Conservation of natural resources					
2B.1 Percentage reduction in unconstrained water demand	27,4%	26%	27,5%	26,6%	

Rating key:





👍 – Meets or exceeds target; 🗿 – Does not meet target; 🙅 – Information not available or work on hold; 🖱️ – Original target to be amended

	Rating	Reason for positive/negative variance	Remedial action
	👍	The number of toilets in informal settlements has increased to 24 954. This indicator refers to household access to basic levels of sanitation. The percentages are based on an estimated city-wide household count that is updated annually. Basic level of sanitation refers to household access to sanitation facilities (informal: one toilet for every five households). This ratio has been exceeded and there is now one toilet for every 4,7 informal households.	Maintain the momentum.
	👍	This indicator refers to household access to basic levels of water. The percentages are based on an estimated city-wide household count, which is annually updated. Basic levels of water refers to household access to basic levels of water (informal households – one tap for every 25 households). This ratio has been exceeded and there is now one tap for every 10,8 informal households. Backyard dwellers are not added in the denominator, as it is taken that a backyard dweller is serviced by way of sharing the formal connection with the owner or tenant.	Maintain the momentum.
	👎	The delay in supply of ready boards in November 2008 hampered delivery during 2008/9. Electrification programme is on track. This indicator refers to household access to basic levels of electricity. The percentage is based on an estimated city-wide household count, which is updated annually. The term 'basic levels of electricity' refers to informal household access to electricity connections (including subsidised connections). It is based on the average number of electricity customers in a given period, assuming that, in the case of prepaid customers, they all purchase electricity monthly.	Maintain the momentum.
	👍	Represents 100% service delivery for all known households. The indicator reflects the percentage of households with access to a basic refuse collection service, in the form of a once-weekly containerised door-to-door collection service in formal areas, combined with integrated area cleaning and weekly door-to-door bagged refuse collection in informal areas. Physical monitoring on a daily basis, with SAP records reflecting actual billing for formal and area cleaning dwelling count statistics for informal.	Maintain the momentum.
	👎	In the last three months of the financial year, pressure management projects were constructed and commissioned to save water. Two major treated effluent projects were also commissioned at the end of June 2009. The impact of these projects will only become evident during the first half of the new financial year.	The pressure management projects will be monitored in the coming months to determine if advance pressure management can be applied for further savings. More end-users will be signed up to use treated effluent. This will result in greater savings of the city's potable water resources in the high-demand summer season. Of concern is the fact that the predicted savings from water demand management (WDM) projects (as per the strategy) have reached their intended level of return. The growth in real demand will therefore increase to such a level that the return on investment is likely to decrease in future. The Department of Water and Environmental Affairs' (DWEA) 20% mark has already been exceeded.

ANNEXURE A: 2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
2B.2 Percentage compliance with four critical DWAF effluent standards (<i>E. coli</i> count, ammonia content, oxygen demanding substances, total suspended solids)	79%	81%	83%	83,5%	
2B.3 Percentage of recreational water sampling points (i.e. bathing beaches, vleis, lagoons, etc.) complying with applicable DWEA standards	89%	65%	78%	69%	
2B.4 Percentage cleanliness of the city (metropolitan cleanliness/photographic index)	67%	77%	70%	70%	
2B.5 Percentage of landfill airspace saved in relation to the volume of waste generated	14,5%	16,55%	15%	15,94%	
2B.6 Phase 2 of implementation of Integrated Metropolitan Environmental Policy (IMEP) review complete. Phase 3 started.	Council approved the revised IMEP, and implementation started.	Council adopted the revised IMEP on 25 June 2008, and implementation started.	IMEP strategy implementation started (Phase 3)	IMEP strategy implementation started (Phase 3)	
2B.7 Implementation of City's biodiversity network strategy	Preparation of revised biodiversity network strategy. Complete ground truthing of biodiversity network, including freshwater layer.	Preparation of revised biodiversity network strategy. Complete ground truthing of biodiversity network, including freshwater layer.	Detailed action plans for biodiversity network implementation completed. Roles and responsibilities of line departments identified. Council support for action plans obtained, with budgets	Target not achieved	

Rating key:

 – Meets or exceeds target;
  – Does not meet target;
  – Information not available or work on hold;
  – Original target to be amended




	Rating	Reason for positive/negative variance	Remedial action
	👍	The Bellville plant has recovered from the effects of the poor trade effluent that was discharged into the wastewater system. Where zinc poisoning had occurred, the treatment works have been reseeded thereby restoring capacity. A number of wastewater treatment plants have been upgraded and rehabilitated, contributing to improved compliance.	Maintain the momentum.
	👎	This is the 12-month moving average ending June 2009. The factors influencing this indicator are complex and varied. Factors include seasonal rainfall patterns, various sources of pollution, infrastructure failures and others. However, there has been an improvement compared to the previous financial year.	Current remedial measures will only start to have an impact on this target in the medium to long term. Major remedial programmes that are under way include the following: (a) The coastal water quality improvement project (b) The Zeekoeivlei rehabilitation project (c) The Rietvlei water quality improvement measures (d) Project to determine resources required to manage pollution (e) Water services directorate investigation into sewerage reticulation problems (Strand area)
	👍	Target achieved.	Maintain the momentum.
	👍	Waste minimisation targets have been exceeded due to continued Think Twice Split bag initiatives as well as Recycling initiatives in City of Cape Town buildings, reconfiguration of City drop-off and garden green chipping contracts to include waste minimisation targets.	Maintain the momentum.
	👍	Council approved and adopted the final IMEP five-year environmental targets on 25 June 2009. 17 business plans has to be submitted to Council by December 2009.	Maintain the momentum.
	👎	In the absence of a detailed guideline, the City is mostly doing pioneering work. This is very much a moving target, which changes as new information becomes available.	Detailed action plans will be developed in conjunction with partners (SANParks, CapeNature, Cape West Coast Biosphere Reserve and City of Cape Town). Identification of roles and responsibilities will be limited to City parks' pilot project. Detailed action plans will only be developed after stewardship extension officers have been employed.

ANNEXURE A:
2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9	
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9
Corporate objective 2C: Effective management of City's infrastructure and resources				
2C.1 Development and implementation of an integrated planned infrastructure maintenance programme in respect of electricity, sewerage, water, transport, roads and stormwater, and solid waste disposal	100% completion of draft infrastructure maintenance plans	Initial target is no longer relevant, as it was set in June 2007 with the information that was available at that stage. After December 2007, a more realistic project plan was compiled that has informed the amended targets. An Australian consultant has been involved with assessments. Consultants are done with status quo assessment, which report is to be submitted as soon as each department has been rated (expected early August 2008)	75% completion of established asset management register for major infrastructure departments	Status quo report concluded. Rescoping of project following status quo report. Phase 1 of work has commenced as follows: Electricity: Medium-voltage database design and data capturing under way. Busy with integration work on SAP for different modules. Solid waste management: Database design under way. Data verification taking place on compactor fleet. Water and sanitation: Database design under way. Focus is on wastewater treatment plants and sewerage pump stations
Strategic focus area 3: Energy efficiency for a sustainable future				
Corporate objective 3A: Reduction in energy consumption in the Cape metropolitan area to below projected unconstrained energy consumption				
3A.1 Development of a comprehensive energy plan for the City, which will establish objectives, programmes, projects and targets	Initial draft of energy plan completed, with objectives, programmes, projects and targets scoped	Initial draft of energy plan completed, with objectives, programmes, projects and targets	Targets to be extracted from energy plan – not yet determined	Targets have been extracted from energy plan. Project implementation has commenced
3A.2 Development of a comprehensive climate change plan to address the risk to the city's infrastructure, facilities, amenities and economy	New	New	Detailed draft plan of action for climate change adaptation completed – budgets identified and motivated	Detailed draft plan of action for climate change adaptation completed – budgets identified and motivated

Rating key:





👍 – Meets or exceeds target; 🗿 – Does not meet target; 🙅 – Information not available or work on hold; 🖱️ – Original target to be amended







	Rating	Reason for positive/negative variance	Remedial action
		Complexity of processes and non-integration of modules on SAP have delayed certain processes.	Targets have been revised for 2009/10 in accordance with the change in scope.
		<p>Projects under way:</p> <ol style="list-style-type: none"> 1. Green building guidelines are being finalised. 2. Research programme for City of Cape Town energy futures study has begun. 3. Preliminary assessment of 13 Council buildings complete – all show good potential; energy-efficiency (EE) retrofit of three buildings to be completed this year. 4. Greening of specifications for Council-owned rental stock upgrade under way. 5. Regulations for micro-power wind turbines being developed. 6. Business plan complete for EE retrofit of street lighting with Division of Revenue Act funding; EE retrofit project of robots and streetlights with 2010 carbon offset Danida funding established. 7. Kuyasa low-cost EE housing project being rolled out. 	A detailed energy action plan is to be developed by the third quarter of 2009/10, with cascading targets to every directorate and department. Departments will be required to allocate budgets and resources to achieving these targets. Service-level agreements will be established between environmental resource management and these departments to establish responsibilities clearly. Additional energy and climate change staff are needed to support the departments in achieving their targets.
		Agreement formulated between Danida, City of Cape Town and University of Cape Town to manage a study to address the risk to the city's infrastructure and amenities, as well as economy. Sea-level rise information integrated with environmental management frameworks and Spatial Development Framework. Awareness training exercises under way with staff in the districts.	Maintain the momentum.

ANNEXURE A: 2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
3A.3 Development of a communication strategy for the conservation of energy and awareness of climate change	New	New	Communication strategy implemented	Target not achieved. A draft strategy does exist, but the detailed communications strategy is still being drawn up	
3A.4 Reduction in energy consumption in the Cape metropolitan area to below projected unconstrained energy consumption	New	New	10% reduction in energy consumption below projected unconstrained energy consumption	2,5%	
Strategic focus area 4: Public transport systems					
Corporate objective 4A: Improve public transport systems and services					
4A.1 Reduction of average commuter travel time (home to work – peak period – public transport)	40 min	Travel time along the N2 bus and minibus taxi lane reduced by 20 min for public transport users, and five min for other modes. Metro-wide travel time not available	38 min	Target not achieved	
4A.2 Increase cumulative kilometres of critical routes with dedicated public transport lanes	5 km on baseline	53 km	12 km on baseline	(Approximately 15 km under construction as at June 2009)	
4A.3 Progressive evolution towards a single point of authority for transport	Council approved the Metropolitan Public Transport Advisory Council (MPTAC)	Inaugural meeting of MTPAC held. Section 78(3) of the Municipal Systems Act now in progress. National Land Transport Bill 2008 currently debated in Parliament	Transport authority fully operational	Draft business plan completed for a municipal entity as an appropriate mechanism for the provision of municipal public transport services	
Strategic focus area 5: Integrated human settlements					
Corporate objective 5A: Improve and develop integrated human settlements					
5A.1 100% adherence to integrated human development programme	100% programme compliance	100% programme compliance	100% compliance with plan specifications	100% compliance	

Rating key:

 – Meets or exceeds target;
  – Does not meet target;
  – Information not available or work on hold;
  – Original target to be amended





	Rating	Reason for positive/negative variance	Remedial action
		A draft communications strategy was prepared by Sustainable Energy Africa in March 2009. This was submitted to the energy committee in March 2009, but it was held over by the committee until their meeting in May 2009. Terms of reference were written to procure a consultant to prepare a final detailed communications strategy, but no suitable proposals were received. An electricity savings campaign manager has been appointed. The area is severely underfunded.	It has been decided that the strategy will be developed and managed by the Department of Environmental Resource Management, particularly in light of the post for electricity savings campaign manager now being filled. Further funds must still be raised from the City or from external sources for effective campaign implementation.
		This trend may reflect more energy savings as a result of government programmes, but it is also subject to the effects of the economic downturn. The City's electricity saving strategy has not yet begun in earnest, due to a lack of resources.	The energy action plan targets will be cascaded to key directorates and departments. A dedicated energy and climate change executive management team has been established. Required resources will be allocated to this initiative.
		Calculating a city-wide travel time index is complex. The indicator has been refined to a more meaningful measurable indicator for the 2009/10 financial year.	Improvements in travel time will be calculated along selected corridors where interventions are implemented, e.g. along the Atlantis corridor.
		Awarded tenders commenced construction, and are still in progress. Expected to be completed by February/March 2010.	Continuous project and programme monitoring to ensure timeous completion.
		The National Land Transport Act, No. 5 of 2009, was only recently enacted, and influenced the form of the single point of authority for transport.	An integrated task team has been established with the Western Cape Provincial Government to analyse the impacts of the changes brought about by the newly enacted National Land Transport Act (NLTA). Standard transport delegations are being revised in response to the NLTA.
		The five-year housing plan was distributed to other directorates, non-governmental organisations, exhibitions and jamborees. The plan also enjoyed international exposure, i.e. in England, China and other African countries.	The 2009/10 review of the integrated housing plan is complete, and at the printers. This plan will now be communicated to stakeholders.

ANNEXURE A:
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Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
5A.2 Percentage completion of the Spatial Development Framework (SDF) and District Spatial Development Plans (SDPs)	30%. First round of public meetings on SDF preparation completed. Portfolio committee endorsement of vision, principles, issues and strategic goals obtained. Draft of SDF under way. Draft 1 of district spatial development plans reviewed internally and prepared for public scrutiny	30% Draft of SDF under way. First round of public meetings on SDF preparation completed	90%. City SDF and district SDPs completed and submitted to Western Cape Provincial Government for approval	Draft City SDF and three draft district SDPs/environmental management frameworks (EMFs) approved by portfolio committee on planning and environment (PEPCO) for public scrutiny on 9 June 2009. Preparations for second round of public participation commenced. (Remaining five draft district SDPs/EMFs prepared and circulated for comment. To be submitted to PEPCO on 4 August 2009 for approval to proceed with public participation)	
Corporate objective 5B: Delivery of housing opportunities					
5B.1 Number of new housing opportunities provided per year	6 000	6 439	9 900	9 576	
5B.2 100% implementation of informal settlement upgrade programme	100% programme compliance	100% compliance * 60 informal settlements were serviced	100% compliance with plan specifications	100% compliance with plan specifications * 95 settlements were provided with essential services	
Corporate objective 5C: Providing equitable community facilities and services across the city					
5C.1 Percentage of community facilities meeting set standards	80%	82% (City parks = 83%; Sport, recreation and amenities/SR&A = 79%)	90%	93% (City parks = 93%) (SR&A = 93%)	

Rating key:

👍 – Meets or exceeds target; 🗨️ – Does not meet target; 🙋 – Information not available or work on hold; 🖋️ – Original target to be amended









	Rating	Reason for positive/negative variance	Remedial action
		It was resolved at PEPCO on 4 November 2008 that revised targets be approved for inclusion in the mid-year, adjusted 2008/9 service delivery business implementation plan. After consultation with the integrated development plan office and the City Manager, it was resolved that the changed targets be effected from 1 July 2009. New revised PEPCO target: The draft City SDF and district SDPs/EMFs were completed and PEPCO's approval obtained to put these out for public scrutiny. Preparations for the second round of public participation commenced.	Maintain the momentum.
		Council amended the target to 8 400 housing opportunities, but this amendment still requires public participation before it can be finalised. Even though the City missed its original target (9 900) by 324, it has improved remarkably in housing delivery over the last three years. The output for 2005/6 was 4 585; 7 519 for 2006/7 and 6 439 for 2007/8. The overall improvement from 2005/6 to 2008/9 is 4 891 housing opportunities.	Improved working relationship with Western Cape Provincial Government. Number of housing opportunities include incremental opportunities (serviced sites), subsidy houses (Breaking New Ground), social and rental housing, gap housing, land restitution, hostel units and Community Residential Unit (CRU) upgrades of existing rental units.
		Target achieved.	Strict project management principles were applied. Settlements 1 – 95 were fully equipped with essential services, except where densities hampered service installation.
		Target exceeded.	Maintain the momentum.

ANNEXURE A:
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Indicator	Previous financial year 2007/8		Financial year under review 2008/9	
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9
Strategic focus area 6: Safety and security				
Corporate objective 6A: Foster a safe and secure environment				
6A.1 Percentage adherence to the City's law enforcement plan	100% compliance with plan	65% compliance with plan	100% compliance with plan	76% compliance with plan
6A.2 Percentage adherence to the implementation of disaster plans according to legislative requirements	Disaster management plan developed and approved	1. Disaster management plan developed and approved. 2. 100% compliance with quarterly targets	100% compliance with plan	100% compliance with disaster management plan
Strategic focus area 7: Health, social and community development				
Corporate objective 7A: Facilitating the development of a healthy and socially inclusive society				
7A.1 Number of child care facilities upgraded/ provided in partnership with government and non-governmental organisations to promote holistic childhood development	0	0	3	2
7A.2 Number of targeted socio-economic development support programmes	0	21	4	4
7A.3 Number of street people taken off the street	180	449	300	316
7A.4 Number of strategic sporting partnerships and events created, maintained and expanded on	17	19	19	22
7A.5 Number of days when air pollution exceeded WHO guidelines	144	128	140	165
7A.6 Reduction of the infant mortality rate (number of infant deaths per 1 000 live births)	20,6	20,28	20	19,04 (2008) 19,78 (projected southern subdistrict data)

Rating key:





👍 – Meets or exceeds target; 🙅 – Does not meet target; 🙋 – Information not available or work on hold; 🔄 – Original target to be amended

	Rating	Reason for positive/negative variance	Remedial action
		<p>The following four of the 17 targets were not reached:</p> <p>a) Achieving good results in community survey, with positive perception on the decrease in prevalence of anti-social behaviour. The target was 3 on a 5-point Likert scale. The actual score was 2,4. Reasons: Delay in the filling of critical vacancies due to budget cuts. 2008/9 annual police plan was not fully implemented.</p> <p>b) Number of driver tests conducted. The target was 67 000, but the actual result was 60 924. Reasons: Drop in the number of applications (Large number of drivers do not honour appointments, and the new electronic booking system does not allow testing on short notice).</p> <p>c) Increase income from fines. Target: R165 375 000. Actual: R158 540 608. Reasons: Despite the number of offences recorded, less fine income has been collected. This drop can also be ascribed to the current worldwide financial slump.</p> <p>d) Increase income from licensing. Target: R50 007 578. Actual: R41 625 863. Reasons: The frequency of licence applications is not consistent on a year-on-year basis. There was no increase in application and issue fees this year, but the target was increased by 5%.</p>	<p>a) Ensure full and proper implementation of City law enforcement plan, expansion of Rent-a-Cop scheme, expansion of Neighbourhood watch assistance programme and other community policing initiatives, increased patrolling of City roads with more staff. Maintain high level of communication with public through regular media statements.</p> <p>b) Ensure that driver testing facilities run at full capacity.</p> <p>c) Focus on the execution of warrants to promote greater compliance and improve media releases on actions taken.</p> <p>d) Ensure that licensing facilities run at full capacity.</p>
		Target achieved.	Maintain the momentum.
		Contractor failed to meet deadline target as per agreement.	<p>Monitor implementation:</p> <p>Greenlands: Construction of the structure completed. (Outstanding work: connection of water, electricity and sewer)</p> <p>Scottsdene: Construction of the structure completed. (Outstanding work: electricity and sewer)</p> <p>Witsands: Contractor to complete the facility by the end of July 2009.</p>
		Planning, implementation and good partnerships with sector-based forums and networks.	Maintain the momentum.
		Improved focus on partnerships with non-governmental organisations.	Maintain the momentum.
		Additional events that took place this financial year included: Absa Epic Mountain Bike Challenge International Badminton Championship Lipton Yacht Race National Blind Cricket Championship World Goju Kai Karate Championship CPT Festival of Running WP Table Tennis	Maintain the momentum.
		2008/9 had many temperature inversions. Numerous fires occurred in and around Cape Town in the summer months.	Implementing the air quality management plan, with five working groups implementing a schedule of activities. This will continue into 2009/10.
		Target achieved.	Maintain the momentum.

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Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
7A.7 Slow the rate of increase of tuberculosis per 100 000 Capetonians	980	876	1 040	877	
7A.8 Slow the rate of increase of the city's antenatal HIV prevalence	18,5%	15,9%	19%	15,3%	
7A.9 Implement a City substance abuse plan	Substance abuse treatment centre operational strategy finalised. Relevant staff trained in Matrix Model	Replacing number of local drug action committees established.	Four substance abuse treatment centres operational (dependent on funds)	2	
Strategic focus area 8: Good governance and regulatory reform					
Corporate objective 8A: Ensuring enhanced service delivery, with efficient institutional arrangements					
8A.1 Improved turnaround time of tender procurement processes in accordance with procurement plan	8 weeks	6,5 weeks	8 weeks	5,62 weeks	
8A.2 Development of, and percentage adherence to, project plan for integrated spatial information system, to link GIS, LIS and SAP	Project on hold, pending provision of additional funding in 2008/9 budget	Additional funding has been secured, and a service provider has been appointed.	100% completion of physical design and spatial data framework 25% completion of system construction and testing	100% completion of physical design and spatial data framework 25% completion of system construction and testing not achieved	
8A.3 Directorate and departmental staffing strategies developed and approved, and percentage implementation of the action plan	New	Mayoral Committee and Executive Management Team (EMT) had a number of interventions in the period 29 May to 20 June 2008. This sets out the action plan and time frames for finalising the budget and also to fast track the filling of vacancies. Included was the revision of delegation	90% of current year's action plans implemented and staffing strategies for the next financial period developed and approved	Target achieved	
8A.4 Percentage of budget spent on implementation of WSP	New to corporate scorecard (CSC)	New to CSC	90%	95%	
8A.5 Percentage improvement in the positive employee climate as per annual culture climate survey	25% (international norm 41%)	New to CSC	28%	31%	
8A.6 Percentage of capital projects meeting original planned milestones	New to CSC	New to CSC	80%	38%	

Rating key:

 – Meets or exceeds target;
  – Does not meet target;
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  – Original target to be amended













	Rating	Reason for positive/negative variance	Remedial action
	👍	Target achieved.	Maintain the momentum.
	👍	Target achieved.	Maintain the momentum.
	👎	Indicator on track, albeit slightly behind due to delays in obtaining the budget.	Two remaining treatment centres will be opened at Delft South and Khayelitsha.
	👍	Target achieved.	Maintain the momentum.
	👎	The initial time frame was based on the consultant starting in July 2008. The consultants could, however, only start in August 2008.	Budget adjustment to be made to reflect one-month delay in terms of original time frame.
	👍	1. Vacancy project 1.1 Improved turnaround time of =90 days to fill a position 1.2 Filled 5 015 posts 2. Human resource (HR) service delivery model 2.1 Concluded agreement with EMT on allocation of HR business partners to line 3. Personal development plans (PDPs) 3.1 All eligible employees on Level T14 and above assessed for PDPs 4. Parity phase 2 4.1 Parity phase 2 completed, including 99,7% staff now on local government uniform conditions of service 5. Management rejuvenation 5.1 648 managers trained to coach and mentor staff 5.2 675 managers trained on other interventions 6. Workplace Skills Plan (WPSP) 6.1 WPSP expenditure target met for the first time in five years. 6.2 43 learnerships implemented 7. Staffing strategy 7.1 Staffing strategy for new year developed, consulted on, and incorporated into the integrated development plan 8. Staff budget 8.1 Staff budget for 2009/10 developed, consulted on, realigned and approved	Maintain the momentum.
	👍	A good communication strategy was adopted, e.g. roadshows at directorate meetings and respective portfolio committees. There was a strong emphasis on the alignment of WPSP with the strategic objectives of the City. WPSP expenditure target met for the first time in five years.	Maintain the momentum.
	👍	Target achieved.	Maintain the momentum.
	👎	The milestone performance data on SAP was not captured on time.	Continuous monitoring of data capturing on SAP system.

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Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
8A.7 Percentage of C3 notification process implemented, including geo-coding and correspondence functions	New to CSC	New to CSC	100% of C3 notification process implemented, including geo-coding and correspondence functions	77% of C3 notification process implemented including geo-coding and correspondence functionality	
Corporate Objective 8B: Management of key financial areas, such as income control, cash flow, indigent support, alternative income opportunities, asset and risk management					
8B.1 Net debtors to annual income [ratio of outstanding service debtors to revenue actually received for services (NKPI)]	19,75%	21,77%	19,70%	22,87%	
8B.2 Debt coverage by own billed revenue (NKPI)	4,31:1	3,21:1	4,50:1 Revised annual target 3,50:1 (Reason: Increased external debt due to bond issue)	3,19:1	
8B.3 Percentage of City's capital budget spent (NKPI)	95%	78%	95%	96,8%	
8B.4 Percentage of City's operating budget spent	95%	90%	98%	96,67%	
8B.5 Ratio of cost coverage maintained	2,60:1	4,67:1	3,10:1	3,06:1	
8B.6 Revenue collected as a percentage of billed amount	96%	94,71%	96%	95,02%	
8B.7 Percentage reduction in the number of recurring findings emanating from internal audit	50%	48,57%	60%	53%	
8B.8 Unqualified audit from Auditor-General (AG)	Unqualified audit received from AG	Unqualified audit received from AG	Unqualified audit received from AG	Unqualified audit received from AG	
8B.9 Maintain City's credit rating	P-1 (short term) Aa2.za (long term)	Maintained Aa2.za (long term)/Prime-1 (short term) from Moody's	Maintained Aa2.za (long term)/Prime-1 (short term) from Moody's	Maintained Aa2.za (long term)/Prime-1 (short term) from Moody's	
8B.10 Percentage of annual asset verification process completed			100% completed by 31 May	21,52% completed	
Corporate objective 8C: Establish effective community engagement channels					
8C.1 Community satisfaction score measured in terms of the Likert scale (1 – 5)	Survey completed; Likert score not yet available	Survey completed: Mid-year update asymmetrical scale score 2,4	3	2,6	

Rating key:





👍 – Meets or exceeds target; 🗿 – Does not meet target; 🙅 – Information not available or work on hold; 🖱 – Original target to be amended










	Rating	Reason for positive/negative variance	Remedial action
		The implementation process took longer than anticipated.	Directorates to ensure that notification process is implemented.
		Our calculation is based on the accounting methodology whilst the income directorate includes all prepaid income and security deposits which will result in a more favourable ratio. The recalculated figure is 18,64% and includes these prepaid income and security deposits. The benchmark for 2009/10 has been amended to exclude all advance payments and security deposits.	Maintain the momentum.
		Increased external debt due to increased loan funded capital expenditure.	Attempt to increase own revenue. Reduce future required borrowings by reducing capital expenditure programmes to levels set by the debt coverage ratio.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
			
		Due to the current economic climate, it would be unrealistic to expect a higher collection rate. Debt collection processes are in place. Monitoring of debt collection per department continues.	In order to assist in remedying matters: 1) Indigent and rates rebate benefits have been increased. Alignment of other service departments' scorecards/service delivery and budget implementation plans (SDBIPs) with corporate SDBIP and finance directorate scorecards/SDBIPs will take place to enhance collection ratio for the City. Further improvement options: 1) Service departments (water and electricity) need to establish and manage their procedures and operations in order to: 1.1) timeously action C3 notifications; 1.2) increase the number of restrictions and disconnections; 1.3) repair water leaks; and 1.4) drastically increase the installation of water management devices. 2) It is imperative that a much higher percentage of actual readings take place, and that estimated readings become the exception.
		In certain instances, recurring audit findings were not addressed as per the original time frames communicated by management. The score represents an improvement in the actual score achieved in the previous financial year.	Report submitted to executive management team to address recurring findings. Future target to be revised in terms of the baseline achieved in the current year.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
		Process started late due to need to obtain legal opinion, and the subsequent withdrawal of tender on 1 June 2009.	Rescheduled process is under way for completion by 31 August 2009.
		The reasons for variance are reflected in the community satisfaction survey report.	Remedial action to be discussed and indicated by the executive management team and Mayoral Committee.

ANNEXURE A: 2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
Strategic focus area 1: Shared economic growth and development					
Corporate objective 1A: Creating an enabling environment for the economy to grow and become globally competitive					
% of operational budget spent	100%	102%	100%	96%	
% of capital budget spent	100%	85,8%	100%	58%	
International conventions	32	42	32	34	
National conventions	30	32	30	33	
Exhibitions	16	18	15	21	
Trade fairs	13	18	13	14	
Banquets	55	71	56	90	
Special events	23	26	25	128	
Other events	182	296	185	309	

Rating key:





 – Meets or exceeds target;
  – Does not meet target;
  – Information not available or work on hold;
  – Original target to be amended













	Rating	Reason for positive/negative variance	Remedial action
		None – in line with strict business principles applied.	None – in line with strict business principles applied.
		A few large capital expenditure items not spent due to time constraints as a result of the tender process.	Reprioritisation of capital spending.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
		Excellent results achieved – average of just more than two banquets per week.	Maintain the momentum.
		Strategy implemented to utilise space 24/7.	Maintain the momentum.
		Strategy implemented to utilise space 24/7.	Maintain the momentum.

ANNEXURE A: 2008/9 ANNUAL PERFORMANCE REPORT

Indicator	Previous financial year 2007/8		Financial year under review 2008/9		
	Target 2007/8	Actual performance 2007/8	Target 2008/9	Actual performance 2008/9	
Strategic focus area 1: Shared economic growth and development					
Corporate objective 1A: Creating an enabling environment for the economy to grow and become globally competitive					
% of operational budget spent	100%	61%	100%	80%	
% of capital budget spent	100%	117%	100%	70%	
Facilitate upgrade of bulk electricity supply in Khayelitsha central business district (CBD)	100%	48%	100% implemen- tation by 30 June 2009	94%	
Facilitate affordable residential development in Khayelitsha CBD	100%	62%	Affordable residential development facilitated 100% by 30 September 2008	50%	
Update development plan and operational and decision-making framework for Khayelitsha CBD	100%	0%	100% completion by 30 September 2008	96%	
Implementation of Khayelitsha CBD development plan (infrastructure)	50%	0%	100% completion by 31 December 2008	75%	
Initiate development of new municipal offices	100%	0%	Initiate development by 30 June 2009	Development of space utilisation investigation	
Initiate development of service station	100%	0%	100% initiation of service centre development by 30 June 2009	10%	
Initiate integrated Khayelitsha CBD management	100%	0%	Management plan of CBD to be 100% initiated by 1 January 2009	90%	
To initiate empowerment plan and programme	New	New	100% initiation by 30 September 2008	100%	
To compile a business strategy for the development of commercial and other facilities in the Khayelitsha CBD and other areas	100%	0%	100% compilation by 30 June 2009	100%	
Secure alternative sources of funding	New	New	100% of alternate funds sourced by 30 June 2009	35%	

Rating key:

 – Meets or exceeds target;
  – Does not meet target;
  – Information not available or work on hold;
  – Original target to be amended

	Rating	Reason for positive/negative variance	Remedial action
		Grant funding for the 2009 financial year received in December 2008. Payments to service providers made as per service delivery targets.	Will continue to focus on sound business principles.
		Grant funding for the 2009 financial year received in December 2008.	Procurement processes still under way.
		The building of the substation is delayed due to circumstances beyond KCT's control. Rezoning and subdivision application for the substation site has been submitted to Western Cape Provincial Government.	Awaiting approval from Western Cape Provincial Government in order to commence with building of substation.
		Pricing affected by economic meltdown, resulting in feasibility of the project being questionable. Financiers and developers working on new pricing model.	KCT, together with the City's property management unit and the developers, has met with the Mayor in an attempt to obtain funding to reduce bulk costs.
		Decision-making process of the different components of the development plan have been completed through various workshops.	KCT to commence with new procurement process of urban designers to finalise the development plan. Process to be completed early in the new financial year.
		Process to commence after receipt of plan from urban designers. Timelines to be set by professional team.	Unrealistic targets had been set – these will be revised.
		Process initiated, awaiting outcome of investigation from appointed consultants.	Unrealistic targets had been set – these will be revised.
		Study conducted by consultants showed no feasibility for continuation of this project. Board made a decision not to continue with project.	New development plans to be initiated.
		Decision-making process of the different components of the development plan have been completed through various workshops.	KCT to commence with the procurement process of professional team to finalise the integrated management plan. Process to be completed in the new financial year.
		Target achieved.	Maintain the momentum.
		Target achieved.	Maintain the momentum.
		Process to be aligned with procurement of professional team.	Unrealistic targets had been set, as they are dependent on other processes – these will be revised.

ANNEXURE B: BACKLOGS IN BUILDING APPLICATIONS

	Applications outstanding 1 July 2008	Category	Number of new applications received 2008/9	Total value of applications received (Rand)	Applications outstanding 30 June 2009
	2 359	Residential	8 680	R3 097 218 072	0
	0	Residential additions	10 771	R2 407 539 209	0
	3	Commercial	77	R700 260 650	16
	28	Industrial	128	R614 132 390	0
	280	Other	6 309	R276 622 934	492
Total	2 670		25 965	R7 095 773 255	508

ANNEXURE C: SERVICE DELIVERY BACKLOGS

	2006/7			2007/8			2008/9		
	Required R 000	Budgeted R 000	Actual R 000	Required R 000	Budgeted R 000	Actual R 000	Required R 000	Budgeted R 000	Actual R 000
Water backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	0			0			0		
Backlogs to be eliminated (Percentage – HH identified as backlogs/total HH in municipality)	0%			0%			0%		
Spending on new infrastructure to eliminate backlogs	4 200	3 400	4 127	1 000	566	566	3 000	3 000	2 600
Spending on renewal of existing infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs	4 200	3 400	4 127	1 000	566	566	3 000	3 000	2 600
Spending on maintenance to ensure no new backlogs created	1 500	3 434	1 308	1 080	1 080	1 080	2 000	2 000	2 000
Sanitation backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	42 350			47 659			45 397		
Backlogs to be eliminated (Percentage – HH identified as backlogs/total HH in municipality)	2,13%			2,83%			2,50%		
Spending on new infrastructure to eliminate backlogs	9 000	11 500	7 992	12 000	7 247	7 247	14 000	14 000	13 200
Spending on renewal of existing infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs	9 000	11 500	7 992	12 000	7 247	7 247	14 000	14 000	13 200
Spending on maintenance to ensure no new backlogs created	43 100	43 371	43 104	41 995	41 995	41 995	82 000	82 000	82 000
Refuse removal backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	0			0			0		
Backlogs to be eliminated (Percentage – HH identified as backlogs/total HH in municipality)	0%			0%			0% excl. 1% growth		
Spending on new infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Spending on renewal of existing infrastructure to eliminate backlogs	0	0	0	0	0	0	0	0	0
Total spending to eliminate backlogs	0	0	0	0	0	0	0	0	0
Spending on maintenance to ensure no new backlogs created	0	0	0	71 000	32 000	71 000	78 000	32 000	78 000

	2006/7			2007/8			2008/9		
	Required R 000	Budgeted R 000	Actual R 000	Required R 000	Budgeted R 000	Actual R 000	Required R 000	Budgeted R 000	Actual R 000
Electricity backlogs									
Backlogs to be eliminated (No. of households NOT receiving minimum standard of service)	75 174	10 516	13 568	87 175	8 625	9 885	80 164	7 011	6 456
Backlogs to be eliminated (Percentage – HH identified as backlogs/total HH in municipality)	8,88%			9,98%			9,24%		
Spending on new infrastructure to eliminate backlogs	166 629	166 629	157 530	296 227	296 227	273 170	299 096	299 096	294 505
Spending on renewal of existing infrastructure to eliminate backlogs	110 014	110 014	103 516	167 233	167 233	158 764	108 175	108 175	103 946
Total spending to eliminate backlogs	276 643	276 643	261 046	463 460	463 460	431 934	407 271	407 271	398 451
Spending on maintenance to ensure no new backlogs created	154 875	154 875	191 974	193 169	193 169	210 596	296 649	296 649	270 248
Roads backlogs⁽¹⁾									
Backlogs to be eliminated (Kilometres of road)	1 400 km of road ⁽¹⁾			1 400 km of road ⁽¹⁾			1 400 km of road ⁽¹⁾		
Backlogs to be eliminated (as a % of the total km of road)	14,90%			14,90%			14,90%		
Spending on new infrastructure to eliminate backlogs over 10 years	450 000	215 000	140 000	840 000	16 200	6 900	1 200 000	70 000	70 000
Spending on renewal of existing infrastructure to eliminate backlogs over 10 years	550 000	103 000	89 000	633 000	273 200	246 500	700 000	139 000	135 000
Total spending to eliminate backlogs over 10 years	1 000 000	318 000	229 000	1 473 000	289 400	253 400	1 900 000	209 000	205 000
Spending on maintenance to ensure no new backlogs created	1 200 000	173 000	166 000	1 560 000	248 800	240 200	1 960 000	258 000	268 000

¹ This length of road is based on 400 000 households requiring road access, backlogs in road requirements for formal housing and gaps in the existing metro road network.

ANNEXURE D: ANNUAL REPORT COMPLIANCE CHECKLIST

In accordance with chapter 12 of the Municipal Finance Management Act (MFMA)

No.	Requirements	Reference	Compliance
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Required documentation to be included in the annual report

1	Financial statement	Pages 47 to 131	Yes
2	Auditor-General's audit report	Pages 132 to 137	Yes
3	Annual performance report	Pages 146 to 167	Yes
4	Assessment of any arrears on municipal taxes and service charges	Financial note 9	Yes
5	Assessment of performance against the measurable performance objectives for revenue collection	Financial notes 9 and 45	Yes
6	Corrective action taken in response to issues raised in the audit reports	Pages 138 and 139	Yes
7	Recommendations of the municipality's audit committee	Pages 140 to 142	Yes

Disclosures on intergovernmental and other allocations

8	Allocations received from an organ of state in the national or provincial sphere of government	Appendix E	Yes
9	Allocations received from a municipal entity or another municipality	Not applicable	Yes
10	Indication of how any allocations were spent	Appendix E	Yes
11	Allocations made by the municipality to a municipal entity or another municipality	Financial note 36	Yes
12	Allocations made by the municipality to any other organ of state	Financial note 36	Yes
13	Indicate whether the municipality has complied with the conditions of any allocations made to the municipality	Financial note 26 and appendix E	Yes
14	Indicate the reasons for any non-compliance with conditions of any allocations made to the municipality	Financial note 26 and appendix E	Yes
15	Indicate whether funds destined for the municipality in terms of the annual Division of Revenue Act were delayed or withheld, and the reasons advanced to the municipality for such delay or withholding	Financial note 26 and appendix E	Yes

Disclosures concerning councillors, directors and officials

16	The salaries, allowances and benefits of political office-bearers and councillors of the municipality, whether financial or in kind, including a statement by the accounting officer whether or not those salaries, allowances and benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution	Financial note 30	Yes
17	Any arrears owed by individual councillors to the municipality, or a municipal entity under its sole or shared control, for rates or services and which, at any time during the relevant financial year, were outstanding for more than 90 days, including the names of those councillors	Financial note 43	Yes
18	The salaries, allowances and benefits of the municipal manager, the chief financial officer, every senior manager and such categories of other officials as may be prescribed	Financial note 29	Yes

Other compulsory disclosures

19	A list of all municipal entities under the sole or shared control of the municipality during the financial year and as at the last day of the financial year	Financial note 49	Yes
20	The total amount of contributions to organised local government for the financial year, and the amount of any contributions outstanding as at the end of the financial year	Financial note 28	Yes
21	The total amounts paid in audit fees, taxes, levies, duties and pension and medical aid contributions, and whether any amounts were outstanding as at the end of the financial year	Financial note 43	Yes

No.	Requirements	Reference	Compliance
In respect of each bank account held by the municipality during the relevant financial year			
22	The name of the bank where the account is or was held, and the type of account	Financial note 11	Yes
23	Year opening and year-end balances in each of these bank accounts	Financial note 11	Yes
24	A summary of all investments of the municipality or entity as at the end of the financial year	Financial note 6	Yes
25	Particulars of any contingent liabilities of the municipality or entity as at the end of the financial year	Financial note 48	Yes
26	Particulars of: <ul style="list-style-type: none"> Any material losses and any material irregular or fruitless and wasteful expenditures, including, in the case of a municipality, any material unauthorised expenditure that occurred during the financial year, and whether this is recoverable; Any criminal or disciplinary steps taken as a result of such losses or such unauthorised, irregular or fruitless and wasteful expenditures and Any material losses recovered or written off 	Financial note 42	Yes

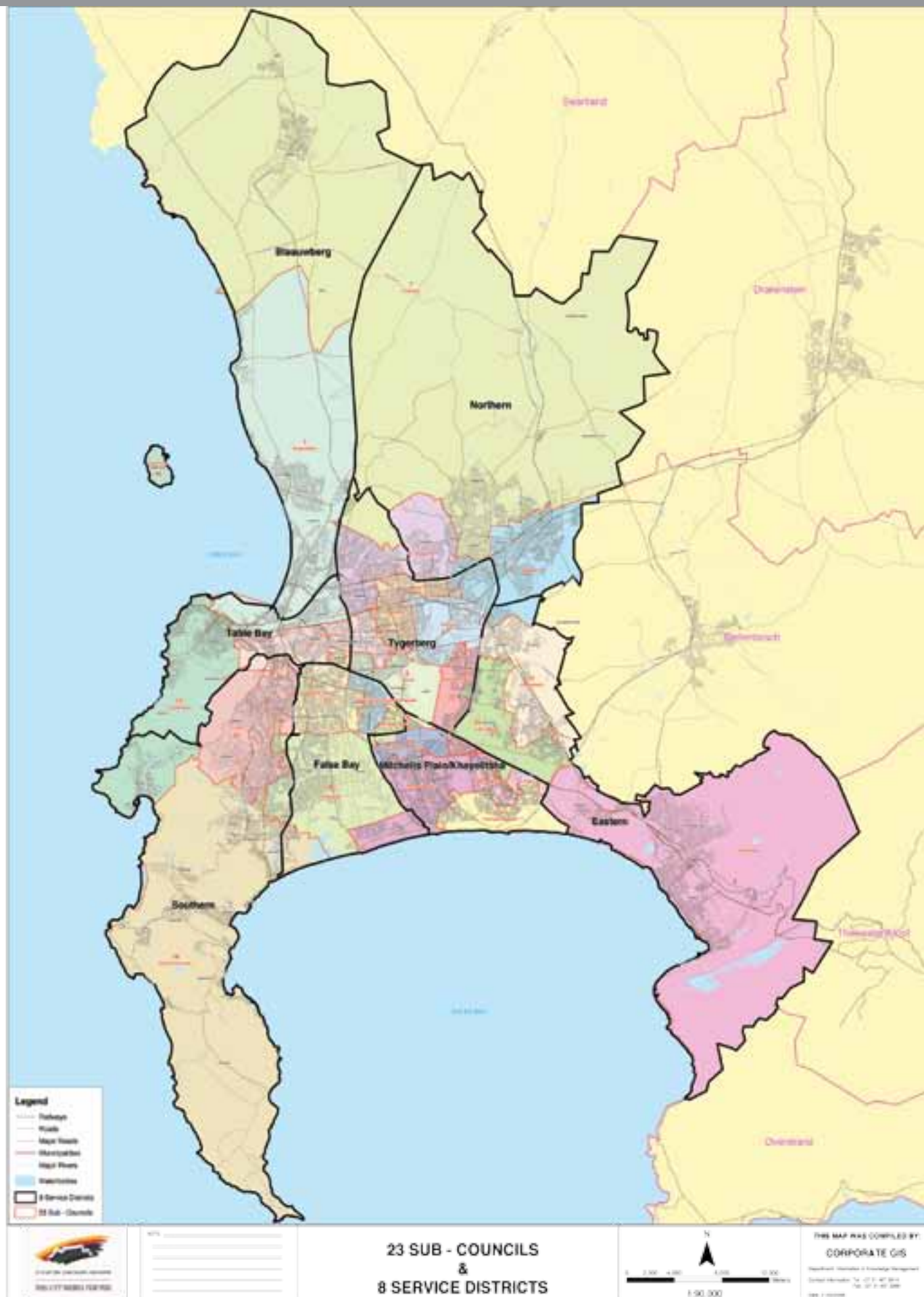
GLOSSARY OF TERMS USED IN THIS ANNUAL REPORT

CBD	Central business district
CDM	Clean Development Mechanism
CRU	Community Residential Unit
CTICC	Cape Town International Convention Centre
CWN	City wireless network
Danida	Danish International Development Agency
DSC	District service co-ordination
DWEA	Department of Water and Environmental Affairs
EMT	Executive Management Team
ESS	Electrical Support Services
HH	Household
ICT	Information communications technology
IMEP	Integrated Metropolitan Environmental Policy
IRT	Integrated rapid transit
ISERMS	Integrated Spatially Enabled Response Management System
ISO	International Organisation for Standardisation
KCT	Khayelitsha Community Trust
LBSAP	Local Biodiversity Strategy and Action Plan
MFMA	Municipal Finance Management Act
MPTAC	Metropolitan Public Transport Advisory Council
NKPI	National Key Performance Indicator
NLTA	National Land Transport Act
OHSAS	Occupational Health and Safety Administration Standard
PBO	Public benefit organisation
SCOPA	Standing Committee on Public Accounts
SDF	Spatial Development Framework
TB	Tuberculosis
UISP	Upgrade of Informal Settlements Programme
WHO	World Health Organisation
WSP	Workplace Skills Plan
YES	Youth Environmental School

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23 SUB-COUNCILS & 8 SERVICE DISTRICTS





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